IMPORTANT NOTICE

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

IMPORTANT: **You must read the following notice before continuing.** The following notice applies to the attached base prospectus following this page (the **Base Prospectus**), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Base Prospectus. In reading, accessing or making any other use of the Base Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Base Prospectus, including any modifications made to them from time to time, each time you receive any information from Dubai DoF Sukuk Limited (the **Issuer**) and the Government of Dubai (the **Government**) as a result of such access.

RESTRICTIONS: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE TRUST CERTIFICATES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY TRUST CERTIFICATE TO BE ISSUED HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE TRUST CERTIFICATES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**)) EXCEPT IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

The document and any offer of the securities described in the document when made are only addressed to and directed at persons in member states of the European Economic Area (**EEA**) who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) (**Qualified Investors**).

In addition, any securities described in this document which do not constitute "alternative finance investment bonds" (**AFIBs**) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the **FSMA**)) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this document is not being distributed to, and must not be passed on to, the general public in the United Kingdom (**UK**).

The distribution in the UK of this document, any final terms and any other marketing materials relating to the securities is being addressed to, or directed at: (A) if the securities are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the securities are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment 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 (all such persons together being referred to as **Relevant Persons**).

This document must not be acted on or relied on (i) in the UK, by persons who are not Relevant Persons, and (ii) in any member state of the EEA other than the UK, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the UK, Relevant Persons, and (ii) in any member state of the EEA other than the UK, Qualified Investors, and will be engaged in only with such persons.

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the Base Prospectus or make an investment decision with respect to the Trust Certificates described herein, (1) each prospective investor in respect of the Trust Certificates being offered outside of the United States in an offshore transaction pursuant to Regulation S must be outside of the United States and (2) each prospective investor in respect of the securities being offered in the UK must be a Relevant Person. By accepting this e-mail and accessing, reading or making any other use of the attached document, you shall be deemed to have represented to Citigroup Global Markets Limited, Dubai Islamic Bank PJSC, Emirates NBD PJSC, HSBC Bank plc, Mitsubishi UFJ Securities International plc, National Bank of Abu Dhabi P.J.S.C., Standard Chartered Bank and UBS Limited (the **Dealers**) that (1) you have understood and agree to the terms set out herein, (2) the electronic mail (or e-mail) address to which, pursuant to your request, the attached document has been delivered by electronic transmission is not located in the United States, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (3) in respect of the Trust Certificates being offered in the UK, you are (or the person you represent is) a Relevant Person, (4) you consent to delivery by electronic transmission, (5) you will not transmit the attached Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Dealers and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase of any of the Trust Certificates.

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

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

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

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

This Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers, the Issuer, the Government nor any person who controls or is a director, officer, employee or agent of any Dealer, the Issuer, the Government nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from each Dealer.

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

GOVERNMENT OF DUBAI

Dubai DOF Sukuk Limited

(*incorporated in the Cayman Islands with limited liability*)

U.S.$6,000,000,000

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.$6,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Each Tranche (as defined herein) of Trust Certificates issued under the Programme will be constituted by (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 28 October 2013 entered into between the Issuer, the Trustee, the 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 Tranche. Trust Certificates of each Series (as defined herein) 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 **Lease Assets**) as set out in (i) an amended and restated master lease agreement (the **Master Lease Agreement**) dated 28 October 2013, 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 or (as applicable) purchase of certain further assets (the **Further Assets**) in connection with the exercise by the Issuer of its rights under Condition 19, 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 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 Securities and Commodities Authority (the **SCA**), 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 that such Trust Certificates have been approved by the SCA, 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 Tranche will be set out in a final terms (the **applicable Final Terms**) which, with respect to Trust Certificates to be listed on any stock exchange, will be delivered to such stock exchange in accordance with its requirements.

The Trust Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, the Trust Certificates may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Trust Certificates and on the distribution of this Base Prospectus, see "*Subscription and Sale*".

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 new Base Prospectus, in the case of listed Trust Certificates only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Trust Certificates.

The transaction structure relating to the Trust Certificates (as described in this Base Prospectus) has been approved by the HSBC Saudi Arabia Shariah Executive Committee and the Shariah Advisory Board of Dubai Islamic Bank PJSC, Dar Al Sharia. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Trust Certificates and should consult their own Sharia advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Sharia principles.

Arrangers and Dealers

Dubai Islamic Bank PJSC | **HSBC**

Dealers

Citigroup | **Emirates NBD**

Mitsubishi UFJ Securities | **National Bank of Abu Dhabi**

Standard Chartered Bank | **UBS Investment Bank**

The date of this Base Prospectus is 28 October 2013.

This Base Prospectus is 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*", *"Overview of the Emirate of Dubai"*, "*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**) (in the case of "*Risk Factors*"), the National Bureau of Statistics and Dubai Statistics Centre (in the case of *"Overview of the Emirate of Dubai"*), the UAE Central Bank, the National Bureau of Statistics, UAE Telecommunications Regulatory Authority, Dubai Statistics Centre, Dubai Electricity and Water Authority, Roads and Transport Authority, Dubai Ports Authority, Dubai Department of Tourism and Commerce Marketing, Dubai Technology and Media Free Zone, Dubai International Financial Centre, Dubai Airports, Dubai Airport Free Zone, Dubai International Airport, Jebel Ali Free Zone, Dubai Land Department and Real Estate Regulatory Authority (in the case of "*Economy of Dubai*"), the UAE Central Bank, National Bureau of Statistics, Dubai Statistics Centre and the IMF (in the case of "*Balance of Payments and Foreign Trade*"), Bloomberg, the UAE Central Bank, Dubai Statistics Centre, NASDAQ Dubai 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 Tranche 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 (Directive 2003/71/EC) (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, the 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.

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: (i) 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; (ii) 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; (iii) 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; (iv) understand thoroughly the terms of the relevant Trust Certificates and be familiar with the behaviour of any relevant indices and financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

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), the Kingdom of Bahrain, the Cayman Islands, the Dubai International Financial Centre, Japan, Malaysia, the Kingdom of Saudi Arabia, Qatar (excluding the Qatar Financial Centre) and the United Arab Emirates (excluding the Dubai International Financial Centre), see "*Subscription and Sale*".

Any offer of Trust Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the

Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Trust Certificates. Accordingly, any person making or intending to make an offer in that Relevant Member State of Trust Certificates which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Trust Certificates may only do so in circumstances in which no obligation arises for the Trustee, the Government or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Trustee, the Government or any Dealer have authorised, nor do they authorise, the making of any offer of Trust Certificates in circumstances in which an obligation arises for the Trustee, the Government or any Dealer to publish or supplement a prospectus for such offer. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the **2010 PD Amending Directive**), to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

None of the Dealers, the Trustee, the Government or the Delegate makes any representation to any investor in the Trust Certificates regarding the legality of its investment under any applicable laws. Any investor in the Trust Certificates should be able to bear the economic risk of an investment in the Trust Certificates for an indefinite period of time.

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. All references to **GDP** are, unless otherwise stated, to gross domestic product in real terms.

In addition, all references in this Base Prospectus 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

Any Trust Certificates to be issued under the Programme which do not constitute “alternative finance investment bonds (**AFIBs**) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the **FSMA**)) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct 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 is being addressed to, or directed at: (A) if the Trust Certificates are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Trust Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the **Promotion of CISs Order**), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be 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 the Trust Certificates. Potential investors in the United Kingdom in any Trust Certificates which are not AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such 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, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Trust Certificates and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for Trust Certificates.

NOTICE TO KINGDOM OF BAHRAIN RESIDENTS

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

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

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

NOTICE TO RESIDENTS OF MALAYSIA

Any Trust Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Trust Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons or in categories falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer or the Government and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

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

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

PRESENTATION OF STATISTICAL INFORMATION

The Dubai Statistics Centre uses international standards established by the System of National Accounts adopted by the United Nations Statistical Commission in 1993 (an internationally agreed standard set of recommendations on how to compile measures of economic activity) to calculate GDP based on a production approach. There has been no material change in methodology used by the Dubai Statistics Centre since 2006.

Investors should also note that certain economic statistics for 2012 set out in this Base Prospectus are preliminary, and these statistics, as well as those for earlier years, are subject to revision and change.

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.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF TRUST CERTIFICATES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISING MANAGER(S) (OR ANY PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE RELEVANT TRANCHE OF TRUST CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF TRUST CERTIFICATES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF TRUST CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF TRUST CERTIFICATES. ANY STABILISATION ACTION SHALL BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY

STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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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 neither the Issuer nor 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

The Issuer was incorporated under the laws of the Cayman Islands on 8 October 2009 as an exempted company with limited liability. 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 of 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

General political and economic issues

Dubai enjoys a relatively diverse economy, with the oil and gas sector accounting for less than 1.5 per cent. of Dubai's GDP in 2012. However, any significant negative impact on international oil prices may have an impact on regional spending and liquidity and consequently is likely to affect Dubai's economy indirectly through its impact on the trade, construction, real estate, tourism 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, at approximately 1.27:1 in 2012.

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.

Although world oil prices have risen considerably from the lows of around U.S.$40 per barrel witnessed in February 2009, returning to above U.S.$90 per barrel in December 2012 (with prices ranging between approximately U.S.$90 and approximately U.S.$130 per barrel throughout 2011, 2012 and 2013 to the date of this Base Prospectus), any future volatility in oil prices may have the potential to adversely affect Dubai's economy. In addition, the credit crisis that occurred in the global financial markets, which was particularly acute in 2008 and 2009, and the resultant deterioration in the global economic outlook led to a general reduction in liquidity and available financing and generally increased financing costs during that time period. These events affected Dubai and the UAE in a number of ways. First, the UAE's GDP was adversely affected in 2009, reflecting the significant contributions of the oil and gas sector to the 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 declined in 2009 reflecting the reduced value of hydrocarbon exports and its current account balance was additionally impacted as a result of declining services receipts and lower investment income. Third, certain entities wholly- or majority-owned by the Government (**GREs**) suffered from asset value deterioration, limited cash flow and liquidity shortages as a result of the global financial crisis. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government announced its intention to support certain GREs in order to maintain stability in the UAE economy, the banking system and investor confidence. See *"- Support Fund" below and "Public Finance - Dubai Financial Support Fund"*.

While macroeconomic indicators have since significantly improved (see *"Economy of Dubai"*), there can be no assurance that the economic performance of Dubai or the UAE can or will be sustained in the future. To the extent that economic growth or performance in Dubai or the UAE slows or begins to decline, this could have an adverse effect on the Government.

Impact of the global financial crisis on the UAE and Dubai's banking sector

In the second half of 2008 and for most of 2009, a liquidity crisis existed in the global credit markets which initially arose because of a large number of borrower defaults in the sub-prime mortgage financing market in the United States of America, but which expanded to affect all levels of the international economy.

Liquidity is essential to the performance of the banking sector and the UAE financial markets experienced comparatively reduced levels of liquidity from the third quarter of 2008 and through 2009. During this period, a number of measures were taken in an attempt to improve the liquidity levels in the UAE by the UAE Ministry of Finance and the Central Bank of the UAE (the **UAE Central Bank**), including, but not limited to, regular contact and intervention with respect to UAE banks to provide liquidity to the market. While the liquidity situation began to improve in 2010, and continues to improve to date, there is no guarantee that such improvement will continue in the future and any future shortage of liquidity in the UAE and Dubai financial markets could have an adverse effect on the Government.

In addition, the global financial crisis accentuated the credit risks that are normally faced by banks operating in the credit markets. Further market disruption may also be caused by certain countries in the European Union experiencing debt servicing problems throughout 2011, 2012 and 2013 to the date of this Base Prospectus. While the credit markets have improved since the global financial crisis, enhanced credit risks could arise from a general deterioration in local or global economic conditions or from systemic risks within the financial systems.

Current regional political instability

Although Dubai and the UAE enjoy domestic political stability and generally healthy international relations, as a country located in the MENA region, there is a risk that regional geopolitical instability could impact the country. It should be noted that throughout 2011, 2012 and 2013 to the date of this Base Prospectus there was significant political and social unrest in a number of countries in the MENA region, ranging from public demonstrations, sometimes violent, in countries such as Algeria, Bahrain, Lebanon, Libya, Tunisia and Yemen, to armed conflict and even civil war, in countries such as Syria, where there is an on-going armed conflict, and Egypt, which remains in a state of emergency.

These circumstances have caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although to date the negative impact on Dubai and the UAE has not been significant.

Other potential sources of instability in the region include a worsening of the situation in Iraq, a further deterioration in the current poor relations between the United States and Iran and an escalation in the Israeli-Palestinian conflict. A further deterioration, and possible conflict, between the United States, certain other governments, and Iran, in particular, has the potential to adversely affect regional security as well as global oil and gas prices. Such a deterioration in relations, should it materialise, could adversely impact the UAE and broader regional security, potentially including the outbreak of a regional conflict.

Contingent Liabilities

The Government has significant investments in GREs, which in many cases support or facilitate the Government's strategic plan and collectively have revenues considerably in excess of those of the Government itself. The Government has in the past provided significant financial support to companies in which it has ownership interests and other systemically and strategically important entities, including AED 4 billion in capital injections to Emirates NBD PJSC (**ENBD**) through the Investment Corporation of Dubai (**ICD**).

The information provided on page 118 of this Base Prospectus in relation to the Government's indebtedness as at 30 September 2013 identifies that certain strategic GREs have significant borrowings which are not direct obligations of the Government. If any of these entities are unable to, or are potentially unable to, fulfil their debt obligations, the 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 consolidated reporting of the assets and liabilities of Dubai's GREs is not available and, as such, the overall financial position and potential future financing requirements of Dubai's GREs may not yet have been fully identified. In its UAE 2013 Article IV Consultation Concluding Statement, the IMF noted that, while substantial progress has been made with respect to stemming GRE related risk, including the successful conclusion of certain restructurings, the total debt of Dubai's GREs continues to be large, and GREs are likely to continue facing financial challenges in light of large outstanding debt and significant maturities, including on restructured debt, falling due between 2014 and 2018. The IMF recommended that improving the transparency and governance of GREs, as well as timely communication about key maturing debt would be important to support market confidence. The IMF also recommended that close oversight of Dubai's GREs would be essential to prevent a renewed cycle of risk-taking, including putting in place procedures to assist in the effective identification, assessment, monitoring and reporting of contingent liabilities arising from GREs and taking steps to strengthen their corporate governance. To the extent that the Government decides to support any GREs which are unable to fulfil their debt obligations in the future, this could potentially have an adverse effect on the cash flow and financial position of the Government.

Support Fund

The Government has established the Dubai Financial Support Fund (the **DFSF**) 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 DFSF has been capitalised in the amount of U.S.$10 billion which the Government has borrowed from the UAE Central Bank and a subsequent additional capitalisation in the amount of up to U.S.$10 billion from the Government of Abu Dhabi, National Bank of Abu Dhabi PJSC and Al Hilal Bank PJSC. The expectation is that the entities supported by the DFSF will be able to repay such support in a timely manner (whether through the proceeds of asset sales, refinancing or internal cash generation) and that this will enable the Government to repay the amounts borrowed by the DFSF when such amounts become due. No assurance can be given that all entities supported by the DFSF will be able to repay their support in a timely manner as this will be dependent on a variety of factors beyond the Government's control and any failure or delay by such entities to repay could have an adverse effect on the cash flow and financial position of the Government.

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.

Investors should note that no capital account data for the balance of payments is disclosed and that the 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 GREs.

Waiver of Immunity

Federal Law No. 11 of 1992 grants to the Government and its affiliates immunity in respect of its assets. Under the Transaction Documents to which it is a party, 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 are valid and binding under the laws of Dubai and, to the extent applicable therein, the federal laws of the UAE.

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 Tranche 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 Tranche to be issued under the Programme 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 Tranche.

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.

The Issuer may be requested to redeem Trust Certificates when the Government's cost of financing is lower than the profit rate on the Trust Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Trust Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

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 and arbitral awards 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, provided that the transaction is not recharacterised as a sale and purchase of assets as described below.

A Dubai court may characterise the transactions contemplated by the Transaction Documents as a sale and purchase of assets that is void as a result of the failure to register the transfer of the Lease Assets as described above and may therefore refuse to enforce the indemnity in the Purchase Undertaking. 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.

Prospective investors should note that, to the Government's knowledge, this matter has not been considered by the courts of Dubai, therefore there can be no assurance as to the approach that would be taken by the courts of Dubai in such circumstances.

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 imposed by or on behalf of the Cayman Islands or the UAE 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 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. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

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

If a payment were to be made or collected through a Member State (or, in certain cases, through a relevant non-EU country or territory) which has opted for a withholding system and an amount of, or an amount 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 and arbitral awards 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 (the **New York Convention**) was ratified by the UAE on 13 June 2006 and entered into force in the UAE on 19 November 2006. However, the UAE and France had, prior to this (in 1992) ratified the Treaty on Judicial Cooperation, Recognition and Enforcement of Judgments in Civil and Commercial matters, a bilateral treaty for the mutual enforcement of arbitration awards (the **UAE-France Treaty**).

The provisions of the New York Convention are stated not to affect the validity of any bilateral enforcement treaty, nor to deprive a party of any right it may have under such a treaty, in the manner and to the extent allowed by law, or the treaty, in the state where it is sought to be relied on. An arbitration award rendered in Paris should be enforceable in the UAE courts in accordance with the terms of the UAE-France Treaty unless one of the grounds for the refusal of enforcement has been made out. To be eligible for enforcement the award must, amongst other things, be final and appropriate for enforcement in its country of origin (France) and not conflict with public policy as it is understood and applied in the UAE.

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 (provided that the arrangements are not recharacterised as a sale and purchase of assets that is void - see "*Risk factors relating to the Lease Assets – Transfer of the Lease Assets*").

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 any such 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 Tranche. 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.

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

The Master Trust Deed contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Master Trust Deed if, in the opinion of the Delegate, such modification (a) is of a formal, minor or technical nature, (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 Tranche will be represented on issue by a Global Trust Certificate that will be deposited with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**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 Tranche 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 HSBC Saudi Arabia Shariah Executive Committee and the Sharia Advisory Board of Dubai Islamic Bank PJSC, Dar Al Sharia, 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 Tranche 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 Tranche with Sharia principles.

Interests of the Dealers

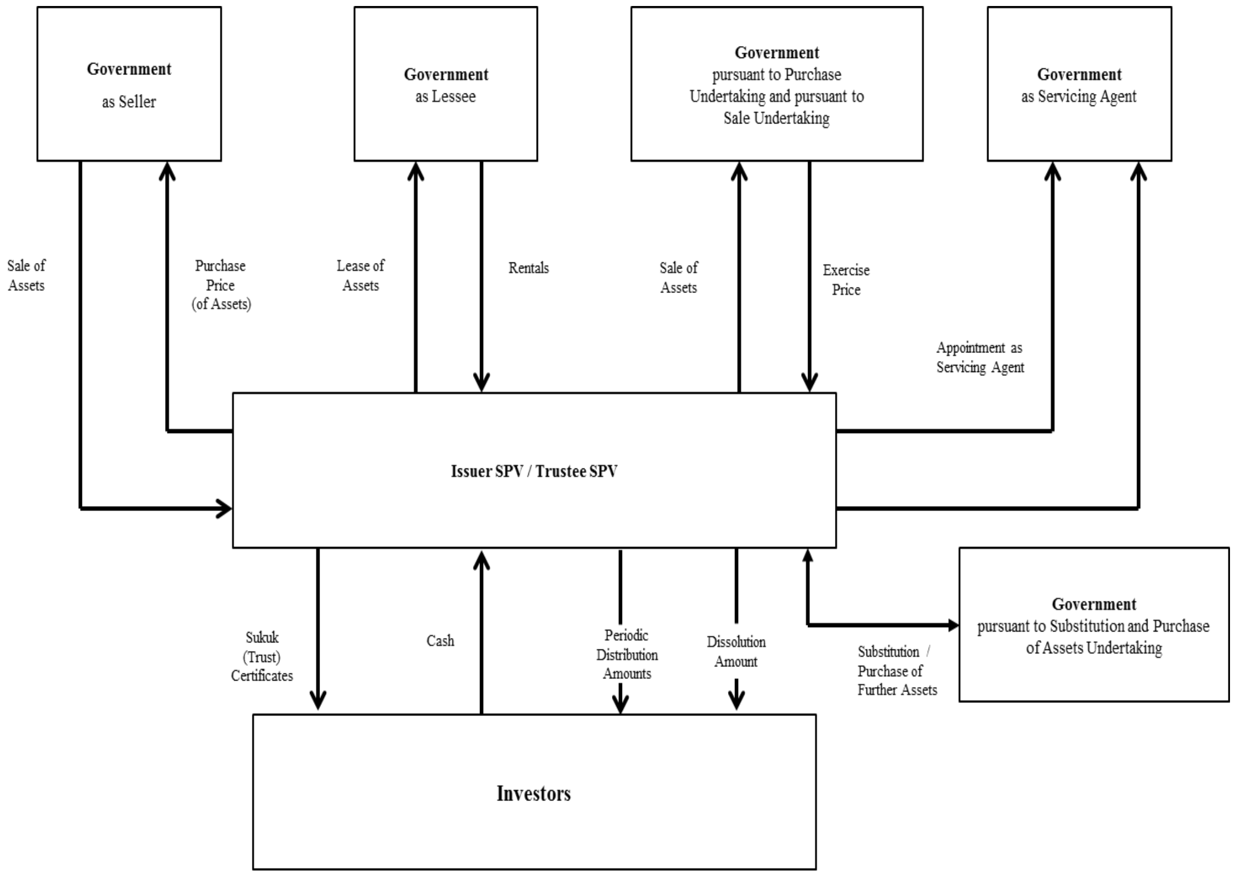
Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Government, in the ordinary course of business.

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 Tranche 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 Tranche, 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 (in the case of the first Tranche of a Series) as the purchase price payable under the relevant Supplemental Purchase Agreement for the relevant Lease Assets or (in the case of each subsequent Tranche of such Series) as the purchase price payable under the relevant Sale Agreement entered into pursuant to the relevant Supplemental Substitution and Purchase of Assets Undertaking for the relevant further assets.

On the Issue Date of the first Tranche of the relevant Series, 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 and Purchase of Assets Undertaking to (i) substitute new assets for existing Lease Assets at its own cost and/or (ii) in connection with the exercise by the Issuer of its rights under Condition 19, oblige Dubai DOF Sukuk Limited to purchase certain further assets in consideration for the payment by Dubai DOF Sukuk Limited to the Government of the proceeds of the related issuance of Trust Certificates as the purchase price therefor which, together with the existing Lease Assets, will thereafter comprise the Lease Assets in respect of the relevant Series.

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 and Purchase of Assets 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 and Purchase of Assets Undertaking when read together with the relevant Supplemental Substitution and Purchase of Assets Undertaking, respectively.*

The Programme provides a facility for the issuance of Trust Certificates in Tranches (which refers to Trust Certificates which are identical in all respects (including as to listing and admission to trading)) and in Series (which refers to a Tranche of Trust Certificates together with any further Tranche or Tranches of Trust Certificates which are (a) expressed to be consolidated and form a single Series, and (b) identical in all respects (including as to listing and admission to trading) except their respective Issue Dates, Return Accrual Commencement Date and/or Issue Price).

The terms and conditions governing each Tranche 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 the first Tranche of 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 the relevant Lease Assets. The purchase price of the relevant Lease Assets will be an amount equivalent to the proceeds of the issue of such Tranche.

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 first Tranche 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 (as defined in the Master Lease Agreement) 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 (i) 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 and/or (ii) in connection with the exercise by the Issuer of its rights under Condition 19, purchase all of the Government's, or as the case may be, the applicable seller entity's, rights, title, interests, benefits and entitlements in and to certain further assets (the **Further Assets**) in consideration for the payment by Dubai DOF Sukuk Limited to the Government of the proceeds of the related issuance of Trust Certificates as the purchase price therefor. Such rights have been granted by Dubai DOF Sukuk Limited to the Government pursuant to the Substitution and Purchase of Assets Undertaking, to be supplemented at the time of each such substitution or (as applicable) purchase by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the relevant Supplemental Substitution and Purchase of Assets Undertaking and containing the specific terms applicable to the relevant substitution or (as applicable) purchase. The substitution of the relevant Substituted 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 and Purchase of Assets Undertaking) by Dubai DOF Sukuk Limited and the Government entering into a Sale Agreement and the relevant Lease Agreement shall be re-executed 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. The purchase of the relevant Further Assets will become effective on the Further Assets Purchase Date (as specified in the Further Assets Notice to be delivered by the Government in accordance with the Substitution and Purchase of Assets Undertaking and being the date upon which the relevant Sale Agreement described below is entered into) by Dubai DOF Sukuk Limited, the Government and (if applicable) the relevant seller entity entering into a Sale Agreement and the relevant Lease Agreement shall be re-executed in the manner provided in the Further Assets Notice by the Lessor and the Lessee entering into a new Supplemental Lease Agreement on the Further Assets Purchase Date. Each Sale Agreement entered into upon such substitution or (as applicable) purchase will (i) (in the case of a substitution) effect the transfer of rights, title, interests, benefits and entitlements in the Substituted Assets from Dubai DOF Sukuk Limited to the Government and (ii) effect the transfer of the rights, title, interests, benefits and entitlements in the New Assets or (as applicable) Further Assets from the Government (or, in the case of a purchase, the applicable seller entity where relevant) to Dubai DOF Sukuk Limited and (a) (in the case of a substitution) the Substitution Notice will provide that the New Assets and any relevant Lease Assets not replaced and/or (b) (in the case of a purchase) the Further Assets Notice will provide that the existing Lease Assets and the Further Assets, will in each case 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, unconditionally and irrevocably delegate certain present and future duties, powers, 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. Notwithstanding the delegation of functions described above, the appointment of the Delegate by the Trustee does not affect the Trustee's continuing role and obligations as trustee

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.

The Issuer may from time to time, without the consent of the Certificateholders, create and issue further trust certificates ranking *pari passu* in all respects (or in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the Issue Price(s) with respect thereto), and so that the same shall be consolidated and form a single series, with the Trust Certificates of such Series. Any further trust certificates which are to be created and issued so as to form a single series with the Trust Certificates of a particular Series shall be constituted by a trust deed supplemental to the Master Trust Deed. On the date upon which any further trust certificates are so created and issued, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such further trust certificates so created and issued, declaring that the relevant Further Assets and the Lease Assets in respect of the relevant Series as in existence immediately prior to the creation and issue of such further trust certificates are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such further trust certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

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 MaplesFS Limited on trust for charitable purposes.
Administration of the Issuer:	The affairs of the Issuer are managed by MaplesFS Limited (the **Issuer Administrator**), who provide, amongst other things, certain administrative services for and on behalf of the Issuer pursuant to an Amended and Restated Corporate Services Agreement dated 16 January 2013 between the Issuer and the Issuer Administrator (the **Corporate Services Agreement**).
Arrangers:	Dubai Islamic Bank PJSC HSBC Bank plc
Dealers:	Citigroup Global Markets Limited Dubai Islamic Bank PJSC Emirates NBD PJSC HSBC Bank plc 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 Tranche 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 "*Subscription and Sale*"). The proceeds of each Tranche will not be accepted in the United Kingdom.

Programme Size:	Up to U.S.$6,000,000,000 (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 "*Form of the Trust Certificates*". The Trust Certificates of each Tranche 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 "*Form of the Trust Certificates*". 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 €100,000 (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 and redemption following a Total Loss Event:	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 Transaction 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".
Ratings:	Neither the Programme nor the Government are rated by any rating agency.
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 for Trust Certificates issued under the Programme for the period of 12 months from the date hereof to be approved by the SCA, 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 Tranche. 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 and Purchase of Assets Undertaking, each Supplemental Substitution and Purchase of Assets Undertaking and the Costs Undertaking.
Governing Law and Jurisdiction:	The Trust Certificates of each Tranche and any non-contractual disputes arising out of or in connection with them 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 and any non-contractual disputes arising out of or in connection with the same 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), the Kingdom of Bahrain, the Cayman Islands, the DIFC, Japan, Malaysia, the Kingdom of Saudi Arabia, Qatar (excluding the Qatar Financial Centre) and the United Arab Emirates (excluding the DIFC).
United States Selling Restrictions:	Regulation S, Category 1.

FORM OF THE TRUST CERTIFICATES

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

Each Tranche 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 and 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 (as defined in the Master Trust Deed) 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 at a point after the Issue Date of the further 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 such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system 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 Tranche issued under the Programme.

[*Date*]

Dubai DOF Sukuk Limited

Issue of [*Aggregate Face Amount of Tranche*] [*Title of Trust Certificates*]
under the
U.S.$6,000,000,000
Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 28 October 2013 [and the Supplement to the Base Prospectus dated [ ]]. This document constitutes the Final Terms of the Trust Certificates described herein 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 MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, 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.*]

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

[*If the Trust Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency*.]

1.	Issuer, Trustee and Lessor:		Dubai DOF Sukuk Limited
2.	Obligor, Lessee and Servicing Agent:		Government of Dubai (the **Government**)
3.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Trust Certificates will be consolidated and form a single Series	[The Trust Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on the Issue Date] [Not Applicable]
4.	Specified Currency:		[ ]
5.	Aggregate Face Amount of:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
6.	Issue Price:		[100] per cent. of the Aggregate Face Amount [plus accrued Periodic Distribution Amounts from [*insert date*] (*if applicable*)]

7.	Specified Denominations:		[ ]
	(*this means the minimum integral face amount in which transfers can be made*)		[ ] (*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 (Directive 2003/71/EC), the €100,000 minimum denomination is not required.*)
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] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(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*] (NB: *This will need to be amended in the case of long or short return accumulation periods*)
	(c)	Fixed Amount(s):	[ ] per Trust Certificate of [ ] Specified Denomination
	(d)	Broken Amount(s):	[ ] per Trust Certificate of [ ] Specified Denomination (*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))
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [*specify other*]]
	(f)	Determination Date(s):	[ ] in each year *(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* *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 ASSETS

24.	Lease Assets on the Issue Date:		As scheduled to the Supplemental Lease Agreement specified below
25.	Trust Assets:		[Condition 4.1 applies] [*specify other*]
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[, [*insert name of seller entity if not the Government*]] 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 and Purchase of Assets Undertaking:	Supplemental Substitution and Purchase of Assets Undertaking dated [ ] executed by Dubai DOF Sukuk Limited
	(h)	Declaration of Commingling of Assets:	[Declaration of Commingling of Assets dated [ ] executed by Dubai DOF Sukuk Limited] [Not Applicable]
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*)]

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:		[ ]

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue [and admission to listing on the DFM] [and [*insert details of any other listing*]] of the Trust Certificates described herein pursuant to the U.S.$6,000,000,000 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**

By:

Duly authorised

Signed on behalf of **Government of Dubai**

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 the DFM Official List and to be listed on the Dubai Financial Market.] [*Insert details of any other listing application to be made*] [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.*]

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):	[ ]

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 Tranche 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 Tranche.

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.$6,000,000,000 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 of this Series (as defined below) 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.

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.

As used herein, **Tranche** means Trust Certificates which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Trust Certificates together with any further Tranche or Tranches of Trust Certificates which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Return Accrual Commencement Dates and/or Issue Prices.

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) an amended and restated Master Trust Deed (the **Master Trust Deed**) dated 28 October 2013 and made between the Issuer, the Trustee, Government of Dubai (in whatever capacity it is acting, 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 amended and restated agency agreement dated on or about 28 October 2013 (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) an amended and restated 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 2013 (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) an amended and restated 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 2013 (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 and Purchase of Assets Undertaking on any substitution of Lease Assets or purchase of Further Assets (as defined therein)) having the details set out in the applicable Final Terms;

(e) an amended and restated master purchase undertaking entered into by Government of Dubai (in such capacity, the **Obligor**) as a deed dated on or about 28 October 2013 (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 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) an amended and restated master sale undertaking entered into by Dubai DOF Sukuk Limited as a deed dated on or about 28 October 2013 (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 to be executed by Government of Dubai and Dubai DOF Sukuk Limited on the relevant Dissolution Date;

(i) an amended and restated master substitution and purchase of assets undertaking entered into by Dubai DOF Sukuk Limited as a deed dated on or about 28 October 2013 (the **Master Substitution and Purchase of Assets Undertaking**);

(j) the supplemental substitution and purchase of assets undertaking (the **Supplemental Substitution and Purchase of Assets Undertaking** and, together with the Master Substitution and Purchase of Assets Undertaking, the **Substitution and Purchase of Assets 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 to be executed by Government of Dubai, Dubai DOF Sukuk Limited and (where applicable) the relevant seller entity specified therein on the exercise by Government of Dubai of its rights under the Substitution and Purchase of Assets Undertaking;

(k) an amended and restated 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 2013 (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) an amended and restated programme agreement between Dubai DOF Sukuk Limited, Government of Dubai and the dealers named in it dated on or about 28 October 2013 (the **Programme Agreement**);

(p) an amended and restated costs undertaking entered into by Government of Dubai as a deed dated on or about 28 October 2013 (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 (x) (in the case of the first Tranche of each Series) to the Seller as the purchase price for the Lease Assets or, as the case may be, (y) (in the case each subsequent Tranche of such Series issued in accordance with Condition 19) to the Government or (as applicable) the relevant seller entity pursuant to the applicable sale agreement entered into pursuant to the relevant Substitution and Purchase of Assets Undertaking 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, 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 RECOURSE

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;

(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; and

(c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of Dubai DOF Sukuk Limited arising under or in connection with these Conditions or any Transaction Document by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director or administrator of Dubai DOF Sukuk Limited in their capacity as such and any and all personal liability of every such shareholder, officer, director or administrator in their capacity as such for any breaches by Dubai DOF Sukuk Limited of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by 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 and Purchase of Assets 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;

(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; and

(e) *fifth*, only if such payment is made on the Maturity Date or any Dissolution Date, to the Government.

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 the relevant place of presentation 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 the relevant place of presentation 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 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 determine the Interpolated Screen Rate as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(d) if, in the case of (c) above, it is not possible to calculate an Interpolated Screen Rate, 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

(e) 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:

Interpolated Screen Rate means the rate (rounded to the same number of decimal places as the Reference Rate appearing on the Relevant Screen Page) which results from interpolating on a linear basis between:

(a) the applicable Reference Rate for the longest period (for which that Reference Rate is available) which is less than the relevant Return Accumulation Period; and

(b) the applicable Reference Rate for the shortest period (for which that Reference Rate is available) which exceeds the relevant Return Accumulation Period,

each as of the Relevant Time on the relevant Periodic Distribution Determination Date;

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:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2will 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:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D_2 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:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" 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 D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 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 DFM, 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;

(c) 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;

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

(e) **Record Date** means (i) (where the Trust Certificate is represented by a Global Trust Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date, Maturity Date or Dissolution Date, as the case may be; or (ii) (where the Trust Certificate is in definitive form), in the case of the payment of a Periodic Distribution Amount, the date falling on the 15th 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, the provisions of the Trust Deed or any other Transaction Document. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear 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, the Agency Agreement or any other Transaction Document, 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. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Certificateholders to create and issue further trust certificates having terms and conditions the same as the Trust Certificates or the same in all respects (or in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the Issue Price(s) with respect thereto) and so that the same shall be consolidated and form a single Series with the outstanding Trust Certificates. Any further trust certificates which are to form a single Series with the outstanding Trust Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

21. GOVERNING LAW AND DISPUTE RESOLUTION

21.1 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.

21.2 Subject to Condition 21.3, 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 **LCIA Rules**), which LCIA 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.

21.3 Notwithstanding Condition 21.2 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 LCIA 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 21.4 and, subject as provided below, any arbitration commenced under Condition 21.2 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 LCIA 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.

21.4 In the event that a notice pursuant to Condition 21.3 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 21.4 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.

21.5 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.

21.6 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 Tranche 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 MaplesFS Limited (formerly known as 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 MaplesFS 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 other than in connection with the Trust Certificates issued thus far under the Programme and will not have any substantial liabilities other than in connection with the Trust Certificates issued, and 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:
Andrew Millar	Senior Vice President of Maples Fund Services (Middle East) Limited
Cleveland Stewart	Vice President of MaplesFS Limited

The business address of Andrew Millar is c/o Maples Fund Services (Middle East) Limited, Office 616, 6th Floor, Liberty House, Dubai International Financial Centre, PO Box 506734, Dubai, United Arab Emirates. The business address of Cleveland Stewart is c/o MaplesFS 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

MaplesFS Limited also acts as the Issuer Administrator. The office of the Issuer Administrator serves 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, the UAE or such other jurisdiction as may be agreed by the parties from time to time, various management functions on behalf of the Issuer and the provision of certain clerical, administrative and other services, including communications with shareholders and the general public, 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.

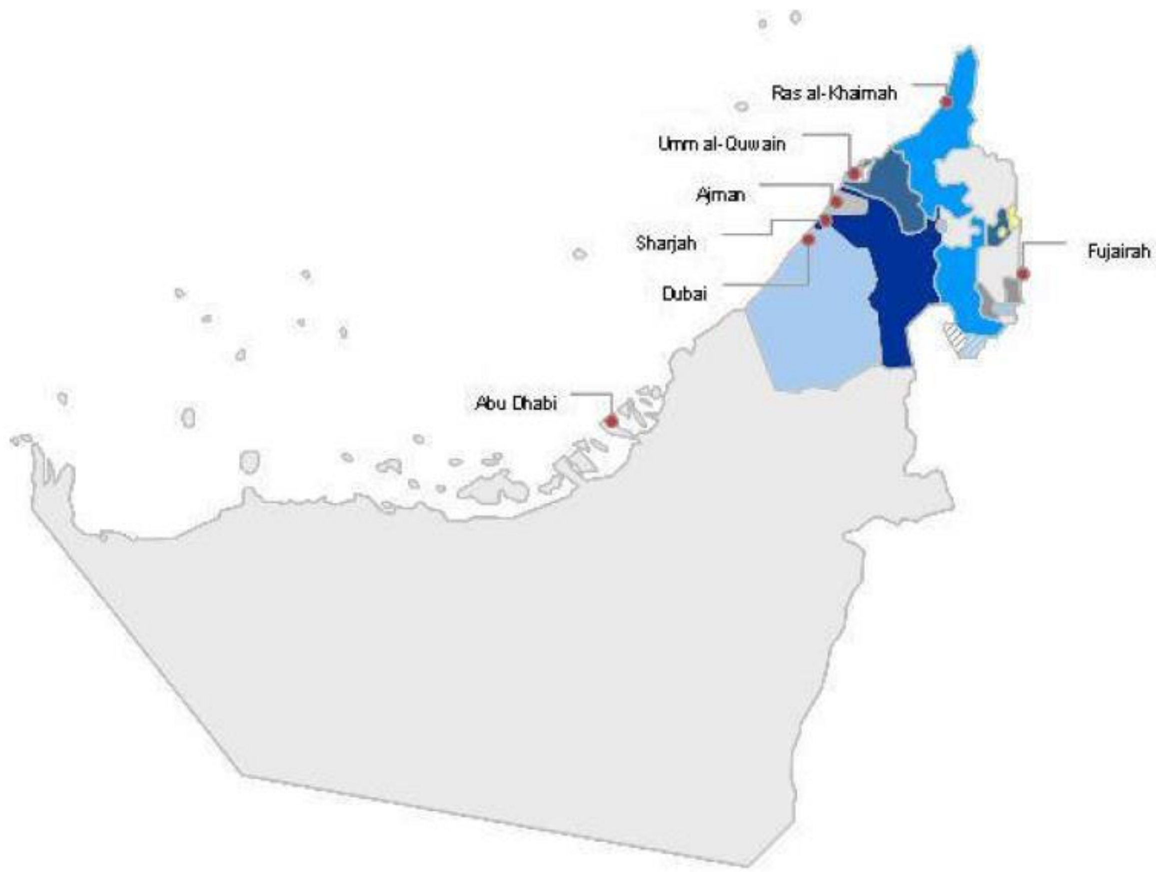
The Directors of the Issuer are all employees or officers of the Issuer Administrator (or an affiliate thereof). The Issuer has no employees and is not expected to have any employees in the future.

OVERVIEW OF THE EMIRATE OF DUBAI

Introduction

Dubai is one of seven emirates which together comprise the UAE. The federation was established on 2 December 1971. On formation, the federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. 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 kilometres (km2) and lies at a longitude of approximately 55 degrees east and a latitude of 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 Mussandum peninsula to the Gulf of Oman in the East, covering an area of 83,699 km2 in total.

The climate is very dry, with minimal rainfall during winter months. During those months, the temperature averages 26° Celsius, although in summer the temperature can reach the high forties 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 pearling industry, were the most important pillars of Dubai's economic activity during the nineteenth century.

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

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

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 and Vice President of the UAE, is Sheikh Mohammed bin Rashid Al Maktoum.

Population

The population of the UAE, based on a census carried out in 2005 and according to the UAE National Bureau of Statistics (the **NBS**), was approximately 4.1 million, of whom approximately 1.3 million resided in Dubai. The NBS has estimated the population of the UAE to be approximately 8.3 million in 2010. The Dubai Statistics Centre has estimated the population of Dubai to be approximately 2.1 million as at 31 December 2012.

The populations of both the UAE and Dubai have grown significantly since 1985, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed. The following table illustrates this growth since 1985 for the UAE:

Population of UAE:

	1985	**1995**	**2005**	**2010**
Total population..	1,379,303	2,411,041	4,106,427	8,264,070(1)
Dubai population	370,788	689,420	1,321,453	1,905,476

Sources: Official UAE Census Data, NBS, Dubai Statistics Centre

Note:

(1) NBS estimate

Population of Dubai:

The following table sets out the estimated population of Dubai as at 31 December in each of the years 2009 to 2012:

	2009	**2010**	**2011**	**2012**
Total population..	1,770,978	1,905,476	2,003,170	2,105,875

Source: Dubai Statistics Centre

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. As at 31 December 2012, approximately 76.1 per cent. of the population was estimated to be male and 23.9 per cent. female, reflecting the large male expatriate workforce.

As at 31 December 2012, it was estimated that approximately 15.1 per cent. of the population of Dubai was 19 years of age or under, 29.7 per cent. of the population was between 20 and 29 years of age, 34.5 per cent. of the population was between 30 and 39 years of age, 14.8 per cent. of the population was between 40 and 49 years of age, and 5.9 per cent. of the population was 50 years of age or older. Education and training are an important strategic focus for Dubai. The literacy rate in Dubai for persons at or above the age of 15 was estimated at 96.6 per cent. in 2012.

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. 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. 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. 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 Saeed Al Maktoum, was elected in 1971 as the first Vice-President of the UAE and continued as Vice-President until his death in 1990. 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 Nahayan, to be the next Prime Minister and Vice President of the UAE in January 2006. The members of the Supreme Council accepted the President's nomination shortly thereafter.

Federal Council of Ministers

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

Based in Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

Federal National Council

The Federal National Council (the **FNC**) is a parliamentary body which comprises 40 members who are UAE nationals. Each emirate appoints members for a particular number of seats based on such emirate's population and size. 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 FNC has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the FNC is to discuss the annual budget of the UAE. Although the FNC can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

The inaugural FNC elections were held in December 2006, following reforms to enhance public participation in the electoral process. Under these reforms, the Ruler of each emirate selected an electoral college numbering approximately 100 times the number of FNC members for the relevant emirate. The members of each electoral college elected half of the FNC members for their emirate, with the remainder being appointed by the Ruler. On 16, 18 and 20 December 2006, 456 candidates stood for election to the 20 elected positions on the FNC, with a voter turnout across the UAE of 74.4 per cent. of the total electoral college of 6,595.

The most recent FNC elections were held in September 2011, following the issuance of new electoral guidelines by the National Election Commission in May 2011, addressing the methods of selection of representatives to the FNC, the role of the National Election Commission and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process. On 24

September 2011, 468 candidates stood for election to the 20 elected positions on the FNC, with a voter turnout across the UAE of 35,877, or 27.8 per cent. of an expanded electoral college of 129,274.

Legal and Court System

There are three primary sources of law in the UAE, namely (i) federal laws and decrees (applicable in all seven emirates), (ii) local laws and decrees (i.e. laws and regulations enacted by the emirates individually), and (iii) the Shari'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 comprises (i) a Court of First Instance, (ii) a Court of Appeal and (iii) a Court of Cassation.

The laws and regulations of the Dubai International Financial Centre (the **DIFC**) are applied by the Dubai International Financial Centre Courts (the **DIFC Courts**), which are independent of the Dubai Courts and the UAE Federal Courts, and consist of a Court of First Instance and a Court of Appeal. See *"Economy of Dubai – Dubai International Financial Centre"*.

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

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

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

SFC: The SFC was established by Decree No. 24 of 2007 in November 2007 to formulate the financial policies of the emirate of Dubai, establish and approve priorities, financing methods and completion dates for major Government projects, determine the public debt and expenditure limits and to issue recommendations in relation to key economic issues to the Ruler of Dubai. The SFC also aims to improve coordination between various Government entities and to enable these entities to meet their respective development targets in a cost-efficient manner.

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

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 the Government's 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 (**RERA**).

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

In addition to the above, ICD is the principal investment entity of the 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 Government's investment portfolio, adding value through the implementation of best-practice corporate governance. After initial capitalisation by the Government, ICD is now self-funding and makes a contribution to the budget of the Government. See *"Public Finance – Dubai Government Budget"*.

Strategy of Dubai

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

Dubai Strategic Plan 2015

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

The global economic crisis significantly impacted the Government's economic development plans and, as a result, the government has reassessed the stated aims of the DSP 2015 in the area of economic development. The DED, which was given responsibility for revision of these aims, has prepared a revised Medium Term Economic Plan to be implemented through to 2015 (the **Medium Term Economic Plan**). The stated aims of the DSP 2015 in all other areas remain unchanged.

Economic Development

The DSP 2015 envisages that future economic growth will be focused on the following six sectors: travel and tourism; financial services; professional services; transport and logistics; trade and storage; 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. The DSP 2015 identifies seven enabling factors that need 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 cost of living in the emirate;
- *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 policymaking and deployment through coordination with the federal government, the provision of adequate data, and strengthening the institutional framework and capabilities.

Following the global economic crisis, the Government chose to reassess the economic growth and productivity goals set out in the DSP 2015. As part of this reassessment, the Government has prepared the Medium Term Economic Plan. The specific proposals and goals that have been included in the Medium Term Economic Plan are based on an evaluation which was performed on the growth and performance of Dubai's economy during the period from 2000 to 2010. This review includes a macroeconomic and microeconomic analysis, including an analysis of the various sectors of Dubai's economy during this time, as well as the identification of broad economic development trends such as the importance of increased trade relations with emerging Asian economies such as India and China, the rapid growth in Dubai's labour force since 2000, with total domestic employment growing by 251 per cent. between 2001 and 2009, and the increased importance of Dubai's free trade zones.

The Medium Term Economic Plan is broadly envisioned to emphasise three goals. First, it will focus on reinforcing and growing Dubai's already established position as a regional and global hub for travel, tourism, trade, transportation and logistics services. Second, it will promote the expansion of Dubai's knowledge based economy by creating a regulatory and economic environment conducive for growing the financial and professional services industries, by attracting international companies to establish their headquarters in Dubai and by further establishing Dubai as a regional centre for the construction services industry. Third, it will continue to encourage major Dubai-based companies to expand globally, thereby deepening Dubai's interconnectedness with the global economy. Economic sectors such as retail and trade, transportation and logistics, manufacturing, tourism and financial services are therefore expected to remain important drivers of Dubai's economic growth in the future. The plan envisages average real GDP growth of 4.6 per cent. per annum (ranging between 4.1 per cent. and 5.4 per cent.) for the period between 2012 and 2015. The key policy areas which will be under focus to achieve the Medium Term Economic Plan are as follows:

- fiscal consolidation and budgetary reforms;

- improving regulatory framework;
- streamlining of governmental processes;
- improving the efficiency of the labour market;
- promoting job opportunities for nationals in the private sector;
- deepening and strengthening the financial system;
- consolidation of the real estate and construction sectors;
- fostering trade;
- sustaining Dubai as the leading transportation and logistics hub in the region;
- helping manufacturing towards further development;
- maintaining a leading position as a global luxury tourism destination; and
- strengthening data systems.

Each of the above key policy areas have been conveyed to, and are being undertaken by, the relevant Government departments which will each formulate a plan on how to achieve them within the timeframe envisaged by the Medium Term Economic Plan.

Social Development

The DSP 2015 acknowledges that, for economic success to be sustainable, 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 focus 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 of the population through a range of measures targeted at, among other things, improving the quality and availability of healthcare facilities, governance 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 coordination 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 the 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 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 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 Government's ability to continuously provide world-class services. The DSP 2015 envisages that the 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 Government's organisational structures and accountability including through the introduction of key performance indicators;
- increasing efficiency through improved financial management techniques such as resultsbased 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.

In line with its strategic development plans, the Government implemented a number of reforms in 2007, including a public sector reorganisation to establish a more systematic form of government; to standardise legislation and governance across government institutions and agencies; and to clearly define the role of the various government entities. These changes, made as part of the Institutional Restructuring programme, were designed to bring about more transparent, efficient and accountable institutions. The Government also enacted a number of structural reforms to enhance public sector efficiency and the institutional framework in relation to the budget and debt management process, including the establishment of a new budget framework for performance management and enhanced budgeting and cash management capabilities.

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 (the **UN**).

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. In 2010, the UAE entered into a nuclear cooperation agreement with the United States that provides the foundation for the UAE's civilian nuclear energy programme and provides a legal framework for commerce in civilian nuclear energy between the two countries.

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 developmental 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 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 is in 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 these islands should be returned to the emirate of 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. In addition, the UAE is involved in discussions with the governments of Saudi Arabia and Qatar over a maritime corridor which Qatar has purported to grant to Saudi Arabia, from within Qatar's own maritime waters, but which crosses part of the route of the gas pipeline between Qatar and the UAE.

ECONOMY OF DUBAI

Introduction

Dubai has a diversified economy which has demonstrated renewed growth, with real GDP increasing by approximately 3.5 per cent. in 2010, 3.3 per cent. in 2011 and 4.4 per cent. in 2012 after the effects of the global economic recession led to a decrease in real GDP in 2009. Since the UAE was established, when approximately 50 per cent. of Dubai's GDP was oil-related, the emirate's reliance on oil has decreased significantly, with the mining, quarrying and oil and gas sector accounting for 1.5 per cent. of real GDP in 2012.

Reflecting the emirate's strategic geographic location, rising levels of international trade and the Government's long-standing strategy of positioning the emirate as a trading centre, the wholesale and retail trade and repairing services sector is the principal contributor to GDP, accounting for 30.3 per cent. of Dubai's real GDP in 2012. The wholesale and retail trade and repairing services sector grew by 2.3 per cent. in real terms in 2012 and accounted for approximately 16.4 per cent. of Dubai's real GDP growth in 2012.

Other significant growth sectors for the emirate in 2012 were manufacturing, restaurants and hotels and transport, storage and communication. The manufacturing sector grew by 13.1 per cent. in real terms in 2012 as a result of increased exports. The restaurants and hotels sector grew by 16.9 per cent. in real terms in 2012 as a result of increased tourism and higher revenues in the hotel sector. The transport, storage and communication sector grew by 7.3 per cent. in real terms in 2012 as a result of increased revenues collected from the transport sector as a result of a higher number of passengers using public transport. In addition, each of these sectors has benefitted from the Government's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high profile developments initiated by the Government and the establishment of a range of specialised free zones designed to attract new companies and investment.

In addition, other supply side factors supporting the emirate's longer-term economic growth have included the availability of labour and land for real estate development, significant levels of liquidity prior to late 2008 and increasing consumer wealth in the GCC and elsewhere, in part reflecting generally high oil and gas prices, an appropriate legal and regulatory framework and good infrastructure.

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

Since the middle of 2008 and reflecting the global financial crisis and sharp falls in international oil and gas prices, there have been significant declines in real estate sales prices and rental rates in the UAE as a whole and a significant slowdown in construction activity. These factors adversely impacted the emirate's GDP in 2010 and 2011, with the real estate and construction sectors declining in real terms in 2010 by 2.6 per cent. and 14.7 per cent., respectively, and in 2011 by 2.6 per cent. and 5.7 per cent., respectively. However, in 2012, the real estate sector saw growth of 1.7 per cent., the first year of growth in that sector since 2008. In 2012, the construction sector saw a further decline of 4.2 per cent.

Gross Domestic Product

The following table sets out Dubai's and the UAE's nominal GDP and nominal GDP growth rates in each of the years 2009 to 2012.

	2009	2010	2011	2012
UAE Nominal GDP (*AED millions*)...............	953,871	1,055,557	1,280,215	1,409,502
UAE Nominal GDP Growth Rates (*per cent.*)	(17.4)	10.7	21.3	10.1
Dubai Nominal GDP (*AED millions*)	294,157	303,595(1)	315,392	333,705
Dubai Nominal GDP Growth Rates (*per cent.*)	(14.2)	3.2	3.9	5.8

Sources: Dubai Statistics Centre, NBS

(1) Does not include Non-Profit Organisations sector.

The following table sets out Dubai's and the UAE's real GDP and real GDP growth rates in each of the years 2009 to 2012.

	2009	**2010**	**2011**	**2012**
UAE Real GDP (*AED millions*)......................	930,475	946,021	982,725	1,025,623
UAE Real GDP Growth Rates (*per cent.*)	(4.8)	1.7	3.9	4.4
Dubai Real GDP (*AED millions*)...................	285,162	295,256	304,989	318,379
Dubai Real GDP Growth Rates (*per cent.*).....	(2.7)	3.5	3.3	4.4

Sources: Dubai Statistics Centre, NBS

(1) Does not include Non-Profit Organisations sector.

The real GDP of Dubai in 2012 equalled 31.0 per cent. of the real GDP of the UAE in the same year. In 2011 and 2010, the equivalent proportions were 31.0 per cent. and 31.2 per cent., respectively.

The NBS has estimated that real GDP in the UAE for 2012 was AED 1,025.6 billion, representing a real GDP growth rate of 4.4 per cent., reflecting an increase in oil prices and the general economic recovery in all sectors in the wake of the global economic crisis. In 2011, the NBS estimated that real GDP in the UAE was AED 982.7 billion, representing a real GDP growth rate of 3.9 per cent.

Dubai's real GDP decreased by 2.7 per cent. in 2009, increased by 3.5 per cent. in 2010, increased by 3.3 per cent. in 2011 and increased by 4.4 per cent. in 2012, reaching AED 318.4 billion in 2012. Dubai's real GDP per capita in 2012 was approximately U.S.$41,167, based on an assumed population of 2,105,875 and an exchange rate of U.S.$1.00 = AED 3.6725.

Within Dubai, no single economic sector contributed more than 31 per cent. to total real GDP in 2012, with the largest sector being the wholesale and retail trade and repairing services sector which contributed AED 96.3 billion, or 30.3 per cent., of the emirate's real GDP. Other significant contributors to real GDP in 2012 include the manufacturing sector, which contributed AED 48.9 billion, or 15.4 per cent., to real GDP; the transport, storage and communications sector, which contributed AED 45.8 billion, or 14.4 per cent., to real GDP; the real estate and business services sector, which contributed AED 39.9 billion, or 12.5 per cent., to real GDP; the financial corporations sector, which contributed AED 35.4 billion, or 11.1 per cent., to real GDP and the construction sector, which contributed AED 24.8 billion, or 7.8 per cent., to real GDP. Together, these six sectors contributed 91.4 per cent. of total real GDP in 2012. By contrast, the government services sector contributed 5.6 per cent., the restaurants and hotels sector contributed 4.5 per cent. and the mining, quarrying and oil and gas sector contributed 1.5 per cent. to real GDP in 2012.

In terms of growth, the four strongest principal sectors in recent years have been the electricity and water sector, with a compound annual GDP growth rate of 14.1 per cent. between 2009 and 2012, the restaurants and hotels sector, with a compound annual GDP growth rate of 12.5 per cent. between 2009 and 2012, the domestic services sector, with a compound annual GDP growth rate of 11.9 per cent. between 2009 and 2012, and the manufacturing sector, with a compound annual GDP growth rate of 11.6 per cent. from 2009 to 2012.

The following table sets out Dubai's real GDP by economic activity and by percentage contribution, as well as the year-on-year growth rate, in each of the years 2009 to 2012:

	2009			2010		
	Amount	Contribution (per cent.)	Growth (per cent.)	Amount	Contribution (per cent.)	Growth (per cent.)
	(in millions of AED, except percentages)					
Wholesale, Retail Trade & Repairing Services	85,158	29.9	(0.9)	89,002	30.1	4.5
Manufacturing	35,181	12.3	6.2	38,719	13.2	10.1
Transport, Storage & Communications	38,044	13.3	7.4	41,542	14.1	9.2
Real Estate & Business Services	41,373	14.5	(19.8)	40,286	13.7	(2.6)
Financial Corporations	34,424	12.1	6.3	33,115	11.3	(3.8)
Construction	32,214	11.3	(19.5)	27,494	9.3	(14.7)
Government Services	15,275	5.4	36.8	18,474	6.3	20.9
Restaurants & Hotels	10,094	3.5	4.6	10,729	3.6	6.3
Social & Personal Services	5,845	2.0	12.1	5,894	2.0	0.8
Electricity & Water	4,000	1.4	5.7	5,532	1.9	38.3
Mining, Quarrying, Oil & Gas	5,374	1.9	(0.9)	5,159	1.8	(4.0)
Domestic Services of Households	1,199	0.4	12.8	1,437	0.5	19.8
Agriculture, Livestock & Fishing	431	0.2	3.1	434	0.1	0.7
Less: Imputed Bank Services	(23,451)	(8.2)	6.3	(22,559)	(7.6)	(3.8)
Total Real GDP	**285,162**	**100.0**	**(2.7)**	**295,256**	**100.0**	**3.5**

	2011			2012		
	Amount	Contribution (per cent.)	Growth (per cent.)	Amount	Contribution (per cent.)	Growth (per cent.)
	(in millions of AED, except percentages)					
Wholesale, Retail Trade & Repairing Services	94,135	30.9	5.8	96,337	30.3	2.3
Manufacturing	43,238	14.2	11.7	48,881	15.4	13.1
Transport, Storage & Communications	42,672	14.0	2.7	45,782	14.4	7.3
Real Estate & Business Services	39,219	12.9	(2.6)	39,869	12.5	1.7
Financial Corporations	34,608	11.3	4.5	35,354	11.1	2.2
Construction	25,923	8.5	(5.7)	24,829	7.8	(4.2)
Government Services	17,902	5.9	(3.1)	17,920	5.6	0.1
Restaurants & Hotels	12,303	4.0	14.7	14,380	4.5	16.9
Social & Personal Services	6,134	2.0	4.1	6,333	2.0	3.2
Electricity & Water	5,668	1.9	2.5	5,943	1.9	4.9
Mining, Quarrying, Oil & Gas	4,681	1.5	(9.3)	4,727	1.5	1.0
Domestic Services of Households	1,644	0.5	14.4	1,678	0.5	2.1
Agriculture, Livestock & Fishing	437	0.1	0.7	433	0.1	(0.9)
Less: Imputed Bank Services	(23,577)	(7.7)	4.5	(24,084)	(7.6)	2.2
Total Real GDP	**304,989**	**100.0**	**3.3**	**318,382**	**100.0**	**4.4**

Source: Dubai Statistics Centre

An overview of each of the sectors contributing more than 5 per cent. to Dubai's real GDP in 2012 is set out below.

Wholesale and Retail Trade and Repairing Services

The wholesale and retail trade and repairing services sector accounted for AED 96.3 billion, or 30.3 per cent., of Dubai's GDP in 2012, making it the largest contributing sector to the emirate's economy.

In real terms, this sector experienced a fall of 0.9 per cent. in 2009 and growth of 4.5 per cent. in 2010, 5.8 per cent. in 2011 and 2.3 per cent. in 2012. The wholesale and retail trade and repairing services sector's growth in 2012 was largely enabled by increased economic activity and imports, as this sector depends largely on imports.

The following table sets out the contribution to Dubai's real GDP of the wholesale and retail trade and repairing services sector for each of the years 2009 to 2012.

	2009	**2010**	**2011**	**2012**
		(in millions of AED)		
Wholesale and Retail Trade and Repairing Services Real GDP	85,158	89,002	94,135	96,337
Percentage of Total Real GDP........	29.9	30.1	30.9	30.3

Source: 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.

In addition, Dubai's extensive shopping malls, such as the Dubai Mall and the Mall of the Emirates, and major shopping events, such as the Dubai Shopping Festival and the Dubai Summer Surprises, are key drivers for the growth of Dubai's trading sector. In 2012, the Dubai Mall received more than 65 million visitors, approximately 20 per cent. higher than the 54 million visitors that the Dubai Mall received in 2011. Retail sales in 2012 across the various outlets in the Dubai Mall also reported average growth of approximately 24 per cent. of sales by value as compared with 2011.

Manufacturing

The manufacturing sector accounted for AED 48.9 billion, or 15.4 per cent., of GDP in 2012. This sector demonstrated growth of 6.2 per cent., 10.1 per cent., 11.7 per cent. and 13.1 per cent. in real terms in 2009, 2010, 2011 and 2012 respectively. The manufacturing sector grew principally due to increased demand for non-oil exports from Dubai, particularly industrial exports, and increased activity in the Jebel Ali Free Zone. See "*Infrastructure – Ports*".

The following table sets out the contribution to Dubai's real GDP of the manufacturing sector in each of the years 2009 to 2012.

	2009	**2010**	**2011**	**2012**
		(in millions of AED)		
Manufacturing Real GDP	35,181	38,719	43,238	48,881
Percentage of Total Real GDP........	12.3	13.1	14.2	15.4

Source: Dubai Statistics Centre

According to the Dubai Chamber of Commerce and Industry, 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, also known as Dubiotech, which targets the life sciences industry and, as at 31 December 2012, had 126 registered companies operating across the bio-technology sector, and the Dubai Techno Park, which is a Government technology initiative.

In addition, to help expand the manufacturing sector in Dubai, the Government established the Dubai Investments Park in 1998, a 2,300-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 Government has a shareholding. See "*Public Finance – Major ICD Investments*".

Major industrial companies operating in Dubai include Dubai Aerospace Enterprise, which is engaged in aerospace research and development; manufacturing; maintenance, repair and overhaul; aircraft leasing; and other aerospace services, and Dubai Aluminium Company Limited (**DUBAL**), which is a major producer of high quality primary aluminium. DUBAL formerly owned 50 per cent. of Emirates Aluminium Company

Limited PJSC (**EMAL**) which is operating an aluminium smelter with associated power generation facilities at Taweelah in the Khalifa Port and Industrial Zone in Abu Dhabi (the **EMAL Project**). The EMAL Project began producing aluminium in December 2009, and its first phase involved the construction of an aluminium smelter with a production capacity of approximately 750,000 tonnes of aluminium per year, which was completed in April 2011. The second phase of the EMAL Project is currently under construction. In June 2013, ICD and Mubadala Development Company PJSC (**Mubadala**) announced the merger of DUBAL and EMAL to form Emirates Global Aluminium, an equal ownership joint-venture company between ICD and Mubadala. Emirates Global Aluminium is expected to commence operations in the first half of 2014.

Another industrial company operating in Dubai is Dubai Cable Company Limited (**DUCAB**), which is jointly owned by the governments of Dubai and Abu Dhabi and which manufactures over 110,000 tonnes per annum of low and medium voltage power cables, components and accessories for industrial applications. DUCAB has entered into a joint venture with DEWA and the Abu Dhabi Water & Electricity Authority (**ADWEA**) known as DUCAB-HV, which manufactures high voltage cables from a dedicated facility which began operations in November 2011. See "*Public Finance – Major ICD Investments*".

Transport, Storage and Communications

The transport, storage and communications sector accounted for AED 45.8 billion, or 14.4 per cent., of GDP in 2012. This sector demonstrated growth of 7.4 per cent., 9.2 per cent., 2.7 per cent. and 7.3 per cent. in real terms in 2009, 2010, 2011 and 2012, respectively. Growth in the transport, storage and communications sector has resulted from growth in foreign trade levels and an increase in activity at domestic ports and airports, which increased demand for freight and transportation services. In addition, the opening of the Red Line and the Green Line of the Dubai Metro, in September 2009 and September 2011 respectively, has contributed to this growth.

The following table sets out the contribution to Dubai's real GDP of the transport, storage and communications sector in each of the years 2009 to 2012.

	2009	**2010**	**2011**	**2012**
	(in millions of AED)			
Transport, Storage and Communications Real GDP	38,044	41,542	42,672	45,782
Percentage of Total Real GDP..	13.3	14.1	14.0	14.4

Source: Dubai Statistics Centre

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

Real Estate, Business Services and Construction

The real estate and business services sector accounted for AED 39.9 billion, or 12.5 per cent., of total real GDP in 2012. This sector demonstrated decreases of 19.8 per cent., 2.6 per cent. and 2.7 per cent. in 2009, 2010 and 2011, respectively and growth of 1.7 per cent. in 2012.

The construction sector accounted for AED 24.8 billion, or 7.8 per cent., of total real GDP in 2012. This sector demonstrated decreases of 19.5 per cent., 14.7 per cent., 5.7 per cent. and 4.2 per cent. in 2009, 2010, 2011 and 2012, respectively.

The following table sets out the contributions to Dubai's real GDP of the real estate and business services and construction sectors in each of the years 2009 to 2012.

	2009	**2010**	**2011**	**2012**
	(in millions of AED)			
Real Estate and Business Services Real GDP	41,373	40,286	39,219	39,869
Percentage of Total Real GDP..	14.4	13.7	12.8	12.5
Construction Real GDP	32,214	27,494	25,923	24,829
Percentage of Total Real GDP..	11.2	9.4	8.5	7.8

Source: Dubai Statistics Centre

Real Estate

No breakdown of the real estate sector by type of property is officially published. Since the price correction witnessed in the latter half of 2008 and 2009, prices have stabilised in selected developments and, in certain instances, have increased. RERA, which was established in 2007 as the regulatory arm of the Dubai Land Department, assists developers, contractors and investors in resolving outstanding disputes related to real estate in Dubai and has taken proactive steps to strengthen Dubai's real estate market.

During 2013, various new laws were implemented in Dubai with the aim of strengthening the Emirate's real estate market amidst ongoing recovery in the sector. In July 2013, a special legal committee was established for the liquidation of cancelled property projects and the settlement of rights disputes between property developers and investors related to such projects. In September 2013, a new decree was issued establishing the Rental Disputes Settlement Centre, which will facilitate the settlement of all residential and commercial rental disputes for properties in Dubai and its free zones. The Rental Disputes Settlement Centre will function as a judicial arm for the real estate sector, complementing RERA's operations on the regulatory side. From October 2013, the Government increased freehold property registration fees in Dubai from 2 per cent. to 4 per cent. in order to discourage speculative buying and therefore avoid unsustainable increases in the property market.

From mid-2008 onwards, a number of real estate projects in Dubai were cancelled or delayed, principally reflecting liquidity shortages for developers, decreasing headline real estate prices and rental rates, and these factors adversely affected real GDP growth rates in the real estate and construction sectors in 2009 and 2010. According to RERA, of the total number of registered projects as at 31 December 2012, 187 projects have been completed since the beginning of 2009, 253 projects are on hold, 232 projects are expected to be completed in due course and 1 project has not yet commenced. Since the price corrections which began in the middle of 2008, demand has principally originated from end-users.

According to RERA, there were 596 registered developers in Dubai and 852 registered brokers in Dubai as at 31 March 2012. The principal developers in Dubai are all owned (wholly or partially) by the Government and/or the ruling family of Dubai. These include Emaar Properties PJSC (**Emaar**), which is 29.4 per cent. owned by ICD; Nakheel PJSC, which is 100 per cent. owned by the Dubai Financial Support Fund; 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 indirect shareholding.

According to the Dubai Land Department, in 2011 there were approximately AED 94 billion of villa-related property transactions and approximately AED 43 billion of apartment-related property transactions. In 2011, 9.0 per cent. of all real estate transactions were conducted by first time real estate investors, with the highest number of such foreign property investors by value being from India, followed by Pakistan, the United Kingdom, Iran and Russia. According to the Dubai Land Department, expectations of attractive rental yields largely account for such investment.

The following table sets out the number of real estate sale transactions in Dubai and the total value of such transactions in each of the years 2009 to 2012.

	2009	2010	2011	2012
Total Real Estate Sale Transactions..........	30,962	37,552	36,774	42,492
Total Value of Real Estate Sale Transactions (in millions of AED)	152,927	119,953	143,065	154,455

Source: Dubai Statistics Centre

For the year ended 31 December 2012, the Dubai Land Department reported 42,492 sale transactions, compared to 36,774 sale transactions in 2011, an increase of approximately 15.5 per cent. During this same period, the total value of real estate transactions increased by 8.0 per cent. In 2012 there were approximately AED 82.8 billion of mortgage-related transactions, representing a decrease of 4.0 per cent. compared to approximately AED 86.2 billion of such transactions in 2011.

As at 31 December 2012, 253 registered projects had been classified by RERA as being on hold. In April 2009, in response to the weakening condition of the real estate market at that time, the Government took steps to stabilise the real estate sector, including introducing a new law which provides that, in the event that a real estate development project is cancelled, the developer is required to refund the entire purchase price paid by purchasers until the date of cancellation. The law also provides remedies for real estate developers in the event of a default by a purchaser. The remedies are dependent on the percentage of completion of the relevant project. A subsequent resolution by the Executive Council clarified the law and, amongst other things, provides that the Dubai Land Department has the authority to mediate disputes between developers and purchasers. In addition to the April 2009 law described above, on 25 March 2010 Nakheel PJSC announced a recapitalisation plan (see "*Public Finance – Nakheel Restructuring*").

The Government also launched a new initiative in 2010 to certify projects called "*Tayseer*". Under this programme, projects are scrutinised, approved and certified by the Dubai Land Department based on certain due diligence criteria. As at 31 March 2012, a total of 154 projects had been reviewed under the *Tayseer* programme, of which 40 projects qualified under the required criteria. These criteria require that projects have adequate infrastructure planned or in place, the escrow trust account is properly managed and financial reporting is full and timely. The technical report must show that a minimum of 60 per cent. of construction is completed and that a minimum of 60 per cent. of the project is sold. The aim of this programme is to offer clear transparency among banks, developers, end-users and contractors and thereby facilitate financing in the freehold real estate market. It also achieves the objective of RERA to manage supply and the overall quality of Dubai's property stock and urban planned space through infrastructure development.

The Government also launched a real estate development plan in September 2011 called "*Tanmia*". Pursuant to the *Tanmia* program, the Dubai Land Department will select qualified off-plan projects that are on hold and offer them for sale or lease to investors if such projects meet the selection criteria of the Dubai Land Department, including, for example, that the project is located in an area where the surrounding infrastructure has been adequately developed. In 2012, *Tanmia* is expected to include 33 projects, two of which have been launched. The initiative is designed to increase investor confidence in those projects which the Dubai Land Department has identified as qualifying for the *Tanmia* program. Each of the 253 registered projects that were on hold as at 31 December 2012 are expected to qualify for either the *Tayseer* or the *Tanmia* programmes.

Business Services

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.

The DED is responsible for the issuance of new licences to individuals and corporate entities who wish to perform services or conduct a business in Dubai. The licences issued by the DED are classifiable as commercial, professional or industrial enterprises, depending upon the activity sought to be carried out.

The following table sets out the new licences (not including renewals of existing licences) granted by the DED for the three largest categories of business licence in each of the years 2009 to 2012:

	2009	**2010**	**2011**	**2012**
Commercial licenses.................................	8,827	10,749	10,528	12,191
Professional licences.................................	2,562	3,176	3,355	4,075
Industrial licences.....................................	137	176	188	203

Source: Dubai Statistics Centre

The DED issued a total of 16,830 business licences during 2012, an increase of 15.8 per cent. from the 14,378 business licences issued in 2011. In March 2012, in order to facilitate the business registration process, the DED introduced new "fast-track" business licences, allowing the DED to process and issue 120-day licences immediately to business owners upon presentation of their work history and rental contract.

Financial Corporations

The financial corporations sector accounted for AED 35.4 billion, or 11.1 per cent., of GDP in 2012. This sector demonstrated growth of 6.3 per cent. in real terms in 2009, decline by 3.8 per cent. in real terms in 2010 and growth of 4.5 per cent. and 2.2 per cent. in real terms in 2011 and 2012, respectively.

The following table sets out the contribution to Dubai's real GDP of the financial corporations sector in each of the years 2009 to 2012.

	2009	2010	2011	2012
		(in millions of AED)		
Financial Corporations Real GDP	34,424	33,115	34,608	35,354
Percentage of Total Real GDP..................	12.1	11.3	11.3	11.1

Source: Dubai Statistics Centre

Dubai is an important financial centre in the Arabian Gulf region. According to the UAE Central Bank, as at 31 December 2012, there were 828 national bank branches (inclusive of head offices) in the UAE, an increase from 791 as at 31 December 2011. As at 31 December 2012, 329 bank branches, or 40 per cent., were located in Dubai with 278 located in Abu Dhabi (including Al Ain), 120 located in Sharjah and fewer than 40 branches in each of the other emirates. As at 31 December 2012, there were 113 foreign bank branches (inclusive of head offices) in the UAE, of which 47 branches, or 42 per cent., were located in Dubai. As at 31 December 2012, there were 117 representative offices of foreign banks in the UAE, of which 69 representative offices, or 60 per cent., were located in Dubai. See "*Monetary and Financial System – Banking and Financial Services – Principal Banks in Dubai*" for a further discussion of Dubai's banking sector.

Dubai also accounted for 50 per cent. of the distribution of licensed moneychangers' head offices and branches as at 31 December 2011 with 403 out of the 812 in total in the UAE.

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 "*Foreign Direct Investment and Free Zones – Dubai International Financial Centre*".

Government Services

The government services sector accounted for AED 17.9 billion, or 5.6 per cent., of GDP in 2012. This sector demonstrated growth of 36.8 per cent. and 20.9 per cent. in real terms in 2009 and 2010, a decline of 3.1 per cent. in real terms in 2011 and growth of 0.1 per cent. in real terms in 2012.

The following table sets out the contribution to Dubai's real GDP of the government services sector in each of the years 2009 to 2012.

	2009	2010	2011	2012
		(in millions of AED)		
Government Services Real GDP...............	15,275	18,474	17,902	17,920
Percentage of Total Real GDP..................	5.4	6.3	5.9	5.6

Source: Dubai Statistics Centre

The government services sector comprises the various departments of the Government. The growth in the government services sector from 2009 until 2012 is due to both an increase in the number of government employees and an increase in development expenditure incurred by the Government in accordance with the Dubai Strategic Plan 2015. The statistics related to the government services sector do not include GREs (see "*Public Finance*").

Inflation

UAE

The UAE inflation rate was 1.6 per cent. in 2009, 0.9 per cent. in 2010, 0.9 per cent. in 2011 and 0.7 in 2012. Continuing declines in rents and real estate prices between 2009 and 2010 led to a further decrease in the rate of inflation from 1.6 per cent. in 2009 to 0.9 per cent. in 2010. In 2011, 2012 and the first six months of 2013, inflation remained steady at 0.9 per cent., 0.7 per cent. and 0.6 per cent. respectively, mainly reflecting a stabilisation in rents and real estate prices during that period.

The following table 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 2009 to 2012 and the first six months of 2013.

	2009	2010	2011	2012	2013[(2)]
CPI Index[(1)]	114.0	115.0	116.0	116.8	117.5

CPI Inflation	1.6	0.9	0.9	0.7	0.6

Source: NBS

(1) For 2009 through 2013, base year 2007 = 100.

(2) First six months of 2013 only.

Dubai

The calculation of a separate CPI for Dubai started in 2007. The Dubai inflation rate was 4.0 per cent. in 2009, 0.6 per cent. in 2010 and 0.5 per cent. in 2011. In 2012 there was negative inflation of 1.7 per cent. This negative inflation rate in 2012 was principally attributable to a decline in rental rates in the real estate sector in 2012, and took place notwithstanding an increase in the cost of food and non-alcoholic beverages and transportation in the same period. In the first six months of 2013, the Dubai inflation rate was 0.7 per cent. This increased inflation rate in the first six months of 2013 was principally attributable to an increase in the price of food and non-alcoholic beverages, education and transport.

The 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 minus 6.9 per cent., 3.2 per cent. and 1.3 per cent. respectively in 2012, and minus 0.1 per cent., 2.2 per cent. and 1.2 per cent. respectively during the first six months of 2013.

The housing, water, electricity, gas and fuel group constitutes 43.7 per cent. of the Dubai CPI. Housing rent constitutes 87.7 per cent. of this group and 38.3 per cent. of the total Dubai CPI.

The food and non-alcoholic beverages group has an 11.1 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 9.1 per cent. of the Dubai CPI. Fuel and oil constitute 49 per cent. of this group and 4.5 per cent. of the total Dubai CPI. In April 2010, the UAE government raised the regulated price of petrol by approximately 15 fils per litre and, in July 2010, further raised the price by approximately 20 fils per litre, representing a cumulative increase of approximately 22.3 per cent. The other significant contributors in this group are repair and maintenance of modes of transportation.

The following table sets out details of the Dubai CPI in 2011 and the rate of inflation in Dubai for each of the years 2009 to 2012 and the first six months of 2013.

Expenditure Groups	**Weight**	**CPI 2013**(1)	**Inflation (per cent.) 2009**	**Inflation (per cent.) 2010**	**Inflation (per cent.) 2011**	**Inflation (per cent.) 2012**	**Inflation (per cent.) 2013**(1)
		2007 =100					
General Index Number	100.0	116.6	4.0	0.6	0.5	(1.7)	0.7
Housing, Water, Electricity, Gas and Fuel	43.7	98.3	2.4	(1.3)	(3.3)	(6.9)	(0.1)
Food and Non-Alcoholic Beverages	11.1	144.4	2.2	1.9	5.2	3.2	2.2
Transportation	9.1	132.3	4.4	6.6	5.4	1.3	1.2
Miscellaneous Goods and Services	6.2	130.5	3.7	2.1	2.6	0.6	(1.5)
Communications	6.0	90.3	(0.2)	(10.6)	0.7	(0.1)	(1.0)
Clothing and Footwear	5.5	124.6	9.9	0.4	(1.8)	(1.3)	(3.0)
Restaurants and Hotels	5.5	144.0	7.4	1.4	4.5	(0.2)	1.2
Recreation and Culture	4.2	108.6	2.6	0.5	0.3	0.1	1.6
Education	4.1	167.3	18.6	9.0	2.9	2.9	4.9
Furniture and Furnishings, Household Items and Repairing	3.3	129.8	3.3	1.1	3.5	1.3	3.7
Healthcare	1.1	121.5	5.3	3.4	3.4	0.2	1.2
Alcoholic Beverages and Tobacco	0.2	135.3	5.6	0.3	1.5	3.0	17.1

Sources: Dubai Statistics Centre

Note:

(1) First six months of 2013 only.

Employment and Wages

Based on the 2005 UAE census, the labour force in Dubai in 2005 was approximately 1,155,972, of which 982,296 were employed and a further 156,354 were either students or engaged in housework. The low rates of unemployment in Dubai and the UAE generally reflect the fact that, typically, authorised residence for employable non-UAE persons is linked to their employment in the UAE.

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 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 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 following table sets out the number of people employed in Dubai by economic sector in the years 2008, 2009 and 2011 (employment figures for 2010 and 2012 are not currently available):

Economic Sectors	**2008**	**2009**	**2011**
Construction	561,708	579,759	380,394
Manufacturing	101,739	88,779	201,961
Wholesale and Retail Trade and Repair	173,426	160,924	188,402
Real Estate	68,502	77,733	119,671
Transport , Storage and Communications	97,804	114,678	107,695
Private Family Employees	56,202	52,930	67,752
Hotels and Restaurants	66,486	69,020	57,919
Public Administration and Defence	45,309	114,379	46,270
Education	16,364	13,685	33,796
Financial Services	23,228	27,288	33,462
Others	56,250	53,073	88,627
Total	**1,267,018**	**1,352,248**	**1,325,949**

Source: Dubai Statistics Centre

Based on data collected by the Dubai Statistics Centre, the number of people employed in Dubai in 2011 was 1,325,949, a decrease of 1.9 per cent. since 2009, when the number of people employed was 1,352,248. No survey on employment figures was performed by the Dubai Statistics Centre in 2010, and employment figures for 2012 are not currently available. According to the Dubai Statistics Centre, unemployment in Dubai is low with an unemployment rate of 0.2 per cent. in 2012. From 2011 to 2012, the number of federal government employees in Dubai decreased by 8.3 per cent., principally reflecting a data reclassification during this period, and the number of local government employees in Dubai increased by 1.7 per cent.

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 in the south, with Hatta, Fujairah and Oman in the east and Sharjah, Umm Al Qaiwain and Ras Al Khaimah in the north. The construction and maintenance of roads and highways in Dubai is the responsibility of a separate Dubai 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.

In 2012, the total length of roads in Dubai was 12,215 km, an increase of 3.5 per cent. from 2011. The following table sets out the total length of roads in Dubai as at 31 December in each of the years 2009 to 2012:

Dubai Roads by Length	**2009**	**2010**	**2011**	**2012**
Total length of roads (in km)	10,809	11,208	11,798	12,215

Source: RTA

In January 2013, the RTA announced the completion of key phases of the major widening and improvement project for the Al Khail Road, a major road running roughly parallel to the Sheikh Zayed Road, connecting Dubai to Hatta. The project is divided into six phases and the total project cost is expected to be over AED 1.9 billion.

In June 2013, the RTA announced the opening of the twin two-lane Rashid Hospital Tunnels, which have a capacity of 6,000 vehicles per hour and are expected to ease congestion on the Broadcast Roundabout and facilitate access to the Floating Bridge on Dubai Creek. The total project cost was AED 722 million.

Since 2005, the RTA has overseen the construction and commencement of commercial operations of the Dubai Metro (see "*Dubai Metro and Al Sufouh Tramway*" below) 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.

During 2012, approximately 107.8 million passengers travelled using the available 938 buses operated by the RTA, an increase of 0.4 per cent. in passenger volume from 2011. The number of bus routes decreased from 106 in 2009, to 93 in 2010, to 90 in 2011 and increased to 97 in 2012. The decrease in number of bus routes between 2009 and 2011 was principally due to the rationalisation of existing bus routes to coordinate with the availability of the Dubai Metro and other modes of public transport.

The following table sets out the use of bus services in Dubai in each of the years 2009 to 2012:

Dubai Bus Services	**2009**	**2010**	**2011**	**2012**
Number of operating buses	999	851	888	938
Bus routes	106	93	90	97
Number of bus passenger trips (in thousands).....	89,013	110,401	107,406	107,792

Source: Dubai Statistics Centre

A common fare structure applies to the Dubai Metro and buses. The RTA has introduced an integrated card system, the Nol Smart Card, that enables passengers to travel on trains, buses and water transport, as well as use associated parking areas. The collection of Nol Smart Card usage fees increased by approximately 34 per cent. from 2011 to 2012. According to the RTA, the number of passengers using public transport has increased by 125 per cent. from 163 million in 2005 to 367 million in 2012. A significant proportion of the Government's development expenditure (see "*Public Finance*") in the period since 2009 has been spent on transport projects, including the Dubai Metro.

Dubai Metro and Al Sufouh Tramway

The Dubai Metro, the total cost of which is estimated at AED 29.6 billion, was officially launched in September 2009. The Dubai Metro currently consists of two lines, the Red Line, which was opened at launch, and the Green Line, which was opened in September 2011. The Dubai Metro is intended 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.

Since its launch, during 2009, 2010, 2011 and 2012 the Dubai Metro transported approximately 6.9 million, 38.9 million, 69.0 million and 109.5 million passengers, respectively. Based on data collected by the RTA, in the first half of 2013, the Dubai Metro carried 67 million passengers.

As at 31 December 2012, the Red Line was 52.1 km in length, with 28 out of 29 stations operational and the Green Line was 19.9 km in length, with 18 out of 20 stations operational. The aggregate length of the Red and Green Lines is around 72.0 km with 49 stations, 46 of which were operational as at 31 December 2012.

The following table sets out the expansion and use of the Dubai Metro in each of the years 2009 to 2012:

Dubai Metro	**2009**	**2010**	**2011**	**2012**
Line length – Red Line (in km)	39.7	41.4	52.1	52.1
Number of passenger trips – Red Line (in thousands)	6,892	38,887	60,025	71,915
Number of stations – Red Line	10	26	27	28
Line length – Green Line (in km)	–	–	19.9	19.9
Number of passenger trips – Green Line (in thousands)	–	–	8,983	37,577
Number of stations – Green Line	–	–	12	18

Source: Dubai Statistics Centre

With respect to the cost of the Dubai Metro project, approximately AED 4.24 billion remained outstanding as at 30 September 2013. This amount is currently being repaid by the RTA in equal monthly instalments to contractors over a period of seven years ending in September 2018. The Government has provided a guarantee of the payment obligations of the RTA in respect of this amount.

The Al Sufouh Tramway is an above-ground, light railway line, construction of which commenced in 2008 and is expected to be completed in 2014 at a total project cost of AED 3.5 billion. The project has been partially financed through a AED 2.4 billion dual currency facility raised in February 2011. Phase 1 of the project includes construction of 9.5 km of track, connecting Dubai Marina to the Mall of the Emirates and will include nine passenger stations and eight trains. The Al Sufouh Tramway will pass in a path parallel to the Dubai Metro Red Line and will link up with the Dubai Metro.

Ports

Dubai has two major ports, the Jebel Ali Port and Port Rashid, both of which are operated by DP World. DP World is a subsidiary of Dubai World and was formed in September 2005 with the integration of the terminal operations of the Dubai Ports Authority, which was responsible for domestic port operations, and Dubai Ports International, which oversaw the expansion of Dubai's international port operations. Dubai's ports together ranked ninth globally in 2012 in terms of total capacity, according to data published by the World Shipping Council.

The Jebel Ali Free Zone (**JAFZ**) is situated next to the Jebel Ali Port. The 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 approximately 13.3 million TEU in 2012, an increase of 1.9 per cent. from 13.0 million TEU in 2011. In September 2011, DP World completed the construction of a 400 metre quay extension which increased overall capacity at the Jebel Ali Port by 1 million TEU to 15 million TEU. In December 2011, DP World announced its intention to invest around U.S.$850 million over three years to expand the Jebel Ali Port, which, when completed, will add additional capacity of 4 million TEU per year, resulting in an increase in total capacity to 19 million TEU per year by 2014.

The following table sets out shipping container volumes handled at the Jebel Ali Port and Port Rashid in each of the years 2009 to 2012:

Dubai Shipping Containers	**2009**	**2010**	**2011**	**2012**
Inbound	2,022,085	2,175,963	2,214,729	2,310,098
Outbound	2,082,024	2,168,549	2,321,862	2,388,473
Trans-shipments	6,809,402	6,844,941	8,232,009	8,312,815
Restows	210,547	386,322	244,465	253,306
Total	**11,124,058**	**11,575,775**	**13,013,065**	**13,264,692**

Source: Dubai Ports Authority

Airports

Dubai has two airports, Dubai International Airport, which is fully operational, and Al Maktoum International Airport, of which Phase 1 is currently operational.

Dubai International Airport was established in 1959 and is operated by the Government-owned Dubai Airports Company (**DAC**). Dubai International Airport covers over 25 km^2 and was ranked second globally in terms of total international passenger traffic and second globally in terms of international freight traffic handled over the 12-month period ending May 2013, according to data published by Airports Council International, an airports association which has 573 members operating over 1,751 airports in 174 countries and territories.

Dubai International Airport handled approximately 57.7 million passengers in 2012, an increase of 13.2 per cent. compared to the 51.0 million handled in 2011. The total volume of cargo handled at the airport during 2012 was 2.3 million tonnes, an increase of 3.9 per cent. from 2011, principally due to an increase in exports.

During 2012, Dubai International Airport handled an average of 943 aircraft and 158,039 passengers per day. Dubai International Airport is used by over 145 airlines, connecting to over 260 destinations in the world and currently includes three terminals, three concourses, two runways and a number of support facilities. It has current annual passenger capacity of 75 million, increased from 60 million following the opening of the A380-dedicated third concourse (forming part of Terminal 3) in January 2013. Passenger traffic during the first seven months of 2013 was 38.0 million, an increase of 15.3 per cent. compared to 32.9 million during the same period in 2011. Further, during the first seven months of 2013, Dubai International Airport handled a total of 1.40 million tonnes of freight, up 9.8 per cent. compared to 1.28 million tonnes during the same period in 2011.

The following table sets out aircraft and passenger movement and cargo volumes at Dubai International Airport in each of the years 2009 to 2012:

	2009	**2010**	**2011**	**2012**
Aircraft Movements (in thousands)	274	300	326	344
Passengers Handled (in millions)	40.9	47.2	51.0	57.7
Cargo volume handled (in tons)	1,829,257	2,070,040	2,194,264	2,279,624

Source: Dubai Airports

Phase 1 of Al Maktoum International Airport was officially opened on 27 June 2010 and Phase 2 is currently under construction. Al Maktoum International Airport is located in the Jebel Ali area. Phase 1 includes a single 4,500 metre-long runway and terminal with 52 aircraft parking bays, a total annual passenger capacity of 7 million and an initial cargo capacity of 250,000 tonnes per year. Al Maktoum International Airport forms the foundation of the Government's strategy to develop an integrated regional logistics hub, known as "Dubai World Central", and will be linked to the Jebel Ali Port. The Government has borrowed funds to part-finance the expansion and construction of the emirate's airports (see "*Indebtedness*").

During its first full calendar year of operations in 2011, 36 airlines operated in Al Maktoum International Airport, predominantly as cargo charter operations. During 2012, Al Maktoum International Airport handled 219,092 tonnes of air freight, an increase of 144 per cent over 89,729 tonnes recorded in 2011. Al Maktoum International Airport recorded a total of 16,317 aircraft movements in 2012, up 99 per cent from 8,198 recorded in 2011. Passenger operations are expected to be launched at Al Maktoum International Airport in October 2013.

The following table sets out aircraft movement and cargo volumes at Al Maktoum International Airport in the years 2011 and 2012:

	2011	**2012**
Aircraft Movements (in thousands)	8	16
Cargo volume handled (in tons)	89,729	219,092

Source: Dubai Airports

The Dubai Civil Aviation Authority is the regulatory body which sets out policies for civil aviation in the emirate of Dubai, while DAC manages the operation and development of both Dubai International Airport and Al Maktoum International Airport. The revenues of DAC principally comprise fees collected by it, including fees for aircraft landings, parking fees, passenger service fees and aerobridge charges. Income from such fees increased by approximately 11.4 per cent. from 2011 to 2012, while rental income increased by approximately 10.3 per cent. from 2011 to 2012. The total revenue collected by DAC increased by 9.6 per cent. from 2011 to 2012. DAC also introduced "safety fees" of AED 5 per passenger in July 2011.

DAC has developed a strategic plan to guide the development of Dubai International Airport, Al Maktoum International Airport and Dubai World Central (the **Strategic Plan 2020**). The Strategic Plan 2020 initially provides for the expansion of airspace, airfields, stands and terminal areas at Dubai International Airport. In particular, it aims to deliver additional runway and airspace capacity in order to facilitate airline growth plans. The Strategic Plan 2020 also calls for the construction of additional terminals, concourse areas and the upgrade of baggage systems in order to accommodate the expected increase in passenger traffic.

The Strategic Plan 2020 targets a 60 per cent. increase in the number of aircraft stands at Dubai International Airport from 144 to 230 by the year 2015 and the creation of an additional 675,000 square metres of floor space, including the expansion of Terminal 2 and the construction of a fourth concourse. Cargo capacity is also intended to be increased from 2.2 million tonnes to 4.1 million tonnes by 2020, with an additional 30,000 square metres expansion of the cargo terminal. With additional facility enhancements and operational efficiencies contained in the Strategic Plan 2020, the capacity of Dubai International Airport is expected to increase to 90 million passengers per year by 2018.

The Strategic Plan 2020 also anticipates that construction of Phase 2 of Al Maktoum International Airport will be completed during the period 2018 to 2023. Once Phase 2 is fully completed, Al Maktoum International Airport is planned to become the world's largest airport with six runways, four passenger terminals that will be able to accommodate up to 150 million passengers a year, and 18 cargo terminals with a capacity of 12 million tonnes a year.

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 telecoms provider, operating under the brand name du. EITC is currently owned 40 per cent. by the federal government, 20 per cent. by Mubadala, 20 per cent. by Emirates Telecommunications and Technology Limited and 20 per cent. by the public.

According to the TRA, as at 30 June 2013 there were approximately 2.0 million fixed lines in operation in the UAE, with 14.9 million mobile subscribers and 1,007,774 internet subscribers. As at 30 June 2013, the fixed line penetration rate (being the number of lines expressed as a percentage of the estimated population) was 24.7 per cent., the mobile penetration rate (being the number of mobile subscribers expressed as a percentage of estimated population) was 180.7 per cent. and the internet penetration rate (being the number of subscribers expressed as a percentage of the estimated population) was 12.2 per cent.

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 Government.

As Dubai's population has increased in the past few years, the demand for electricity and water has also increased. The peak load of electricity increased from 6,206 megawatts (**MW**) in 2011 to 6,637 MW in 2012 and DEWA increased its installed electricity generation capacity from 8,721 MW in 2011 to 9,646 MW in 2012. Peak load for water increased from approximately 276 million imperial gallons daily (**MIGD**) in 2011 to 285 MIGD in 2012, DEWA increased its installed water desalination capacity from 400 MIGD in 2011 to 470 MIGD in 2012.

The following table sets out the growth in demand and capacity for water and electricity in Dubai in each of the years 2009 to 2012:

	2009	2010	2011	2012
		(in MIGD)		
Installed Desalinated Water Capacity	330	330	400	470
Peak Desalinated Water Capacity	271	283	276	285
		(in MW)		
Installed Electricity Generation Capacity	6,997	7,361	8,721	9,646
Peak Electricity Demand	5,622	6,161	6,206	6,637

Source: DEWA

The following table sets out the breakdown of DEWA's electricity and water customer bases across various consumer sectors in each of the years 2009 to 2012:

	2009	2010	2011	2012
Residential Electricity Customers	375,391	421,434	440,516	459,642
Commercial Electricity Customers	145,845	150,383	151,560	155,744
Industrial Electricity Customers	2,140	2,190	2,283	2,323
Other Electricity Customers	7,617	6,812	6,572	6,736
Total Number of DEWA Electricity Customers	**530,993**	**580,819**	**600,931**	**624,445**
Residential Water Customers	368,420	404,750	426,540	446,372
Commercial Water Customers	95,933	98,081	102,617	104,444
Industrial Water Customers	1,223	1,223	1,222	1,227
Other Water Customers	4,136	3,139	2,506	2,942
Total number of DEWA water customers	**469,712**	**507,193**	**532,885**	**554,985**

Source: DEWA

Tourism

Dubai has sought to position itself as an important business and leisure tourism hub within the Middle East 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 599 hotels, guest houses and hotel apartments in Dubai at the end of 2012 with an occupancy rate of 78 per cent. in 2012. Dubai's hotels, guest houses and hotel apartments accommodated 9.96 million guests in 2012, an increase of 9.5 per cent. from 9.10 million visitors in 2011, while hotel occupancy increased from 74 per cent. in 2011 to 78 per cent. in 2012, along with a 7.4 per cent. increase in the number of hotel rooms and hotel apartments in 2012, from 74,843 to 80,414. The DTCM also reported a 17.9 per cent. increase in annual revenues for Dubai's hotels and hotel apartments in 2012, from AED 16.0 billion in 2011 to AED 18.8 billion in 2012.

According to the DTCM, in the first half of 2013, guest houses and hotel apartments in Dubai accommodated 5.58 million guests, representing an increase of 11.1 per cent. compared to the same period in 2012, and, in the first half of 2013, revenues for Dubai's hotels and hotel apartments was AED 11.6 billion, representing an increase of 18.6 per cent. compared to the same period in 2012.

The following table sets out various statistics in relation to tourism in Dubai in each of the years 2009 to 2012:

	2009	2010	2011	2012
Number of hotels and hotel apartments	540	573	575	599
Number of guests (in millions)	7.58	8.29	9.10	9.96
Number of hotel rooms	61,487	70,955	74,843	80,414
Occupancy (per cent.)	70	70	74	78
Hotel revenue (in AED billions)	12.5	13.3	16.0	18.8

Source: DTCM

According to the DTCM, Dubai's principal tourist attractions include the Burj Khalifa (the world's tallest building), Burj Al Arab (one of the world's most luxurious hotels), Ski Dubai (an indoor ski slope), the Palm Islands (one of the world's largest man-made islands) and the Dubai Mall (one of the world's largest shopping malls). The Atlantis Hotel, opened in September 2008, has also become a popular tourist attraction in Dubai.

The Government estimates that restaurants and hotels contributed approximately 4.5 per cent. to Dubai's real GDP in 2012.

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

Dubai is also considered an important location for hosting international conferences, exhibitions and large cultural events such as the Dubai International Film Festival and Art Dubai. Reports by the Dubai World Trade Centre show that 78 exhibitions were held in 2012 with 36,212 companies participating, a 14.8 per cent. increase from 2011, and visitors reaching 1,187,760, a 2.4 per cent. decrease from 2011. In addition, 2012 saw 197 meetings and conferences held with 232,525 delegates attending, a 179.5 per cent. increase from 2011, further helping the tourism sector of Dubai's economy.

The following table sets out various statistics in relation to exhibitions and conferences held in Dubai in each of the years 2009 to 2012:

	2009	**2010**	**2011**	**2012**
Number of exhibitions held	83	83	75	78
Number of companies participating in exhibitions..	28,415	28,906	31,556	36,212
Number of exhibition visitors	1,089,641	998,731	1,217,169	1,187,760
Number of meetings and conferences held..........	510	291	76	197
Number of delegates for meetings and conferences	59,082	130,086	83,191	232,525

Source: Dubai Statistics Centre

In May 2013, Dubai's Vision for Tourism for 2020 (Vision 2020) was announced by the Ruler of Dubai, containing various stated aims in respect of Dubai's tourism industry to be achieved by the year 2020. According to the aims stated by Vision 2020, Dubai will double its annual visitor numbers from 10 million in 2012 to 20 million by 2020, and the annual contribution made by tourism to Dubai's economy will treble between 2012 and 2020. According to the DTCM, the target of 20 million visitors will be achieved through a number of objectives, including maintaining existing market share of the outbound tourism of all source markets, increasing awareness and consideration to visit in a number of source markets such as Latin America, China and the emerging economies of Africa, and increasing the number of repeat visits.

In November 2011, the UAE submitted its bid to host the 2020 World Expo in Dubai, to be held from October 2020 to April 2021. The World Expo is a registered exposition taking place in every five years for a maximum of six months and is intended for the global community to promote innovations in the service of human progress. The World Expo attracts millions of visitors attending exhibitions and cultural events staged by hundreds of participants including nations, international and civil society organisations and companies. For its bid, the UAE has selected the theme "Connecting Minds, Creating the Future", representing future aspirations of its society and uniting people from across the globe to share in a common project. A World Expo in Dubai would be the first to be held in the Middle East, North Africa and South Asia region. The host city for the 2020 World Expo is expected to be selected in November 2013.

Foreign Direct Investment and Free Zones

Dubai has a number of free zones which seek to attract foreign direct investment and which are described below. In addition, both local and foreign investors can establish a business presence in Dubai outside of the 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 zone 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 set up in a free zone include a readily available 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.

Each free zone in Dubai is governed both by federal law as well as the laws of Dubai. In addition, each free zone is authorised to adopt and administer regulations which pertain to entities operating and licensed in that individual free zone. The Dubai Free Zones Council was established in 2011 in order to increase coordination amongst the various Dubai free zones and to assist them in unifying the rules and regulations governing free zone companies, in particular the rules related to registration and licensing. In addition, Law No. 13 of 2011, introduced by the Government in September 2011, provides an additional incentive to establish free zone companies in Dubai by clarifying the ability of free zone companies to conduct business onshore in the Emirate. The law includes provisions which formalise a licensing regime which will enable such free zone companies to operate onshore after registering with the DED.

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, the Dubai Airport Free Zone and Dubai Silicon Oasis.

In addition, a number of sector-specific free zones for services and industry have been established, including Dubai Healthcare City, Dubai Outsource Zone, Dubai Multi Commodities Centre Authority (**DMCC**) and Dubai Gold and Diamond Park.

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

Jebel Ali Free Zone

JAFZ is the largest free zone in the UAE and a strategic entity for the emirate's economy. JAFZ was established in 1985, 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 Government through Dubai World.

JAFZ is a major trade and industrial area in Dubai, which is spread across 55 km^2 between the Jebel Ali Port and Al Maktoum International Airport in Jebel Ali. As at 31 December 2012, the total number of active companies in JAFZ stood at 6,918, including 125 of the Fortune Global 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 communications sector, the media sector and the educational sector. Its three primary free zone clusters are: the information and communication technology cluster, the Media cluster and the Education cluster.

Information and Technology Cluster

TECOM's information and technology cluster consists of Dubai Internet City and Dubai Outsource Zone. 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 subcontinent, Africa and Central Asia.

Dubai Outsource Zone is a free zone dedicated to the outsourcing industry and aims to act as a base for both domestic and third-party outsourcing operations. Dubai Outsource Zone also acts as a centre for off-shore disaster recovery facilities. Its clients include du, Emirates Airlines (**Emirates**) and Jumeirah Group.

Media Cluster

TECOM's media cluster consists of Dubai Media City, Dubai Studio City and the International Media Production Zone. Dubai Media City is a community built specifically for the media industry. Its clients include leading companies in the international media business such as 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 Studio City offers a technical and community infrastructure to the film, television and music production industries and features pre-built studios, sound stages, warehouses, workshops, office spaces and stage areas.

The International Media Production Zone is a business hub that is focused on the development of the graphic art, printing, publishing and packaging industries.

Education Cluster

TECOM's education cluster consists of Dubai Knowledge Village and Dubai International Academic City. 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.

Dubai International Academic City hosts twenty-one academic institutions from eleven countries on a 1.7 million square metre campus, including universities such as Michigan State University, the University of Wollongong, Murdoch University and the University of Bradford. Academic programmes offered within the zone include, undergraduate and post graduate programmes in engineering, information technology, media, business and mass communications, amongst others. Dubai International Academic City currently hosts approximately 20,000 students.

Source: TECOM

Dubai International Financial Centre

In 2002, the Government issued a decree to establish the DIFC and established an independent regulatory and supervisory authority for the DIFC, the Dubai Financial Services Authority (the **DFSA**). The DIFC is an offshore financial centre, offering a convenient platform for leading financial institutions and service providers. The 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.

The number of active registered companies operating from the DIFC reached 912 companies as at 31 December 2012, an increase of 7 per cent. from the 848 companies registered as at 31 December 2011. As at 31 December 2012, the number of employees working in the DIFC was around 14,000, an increase of 16.7 per cent. compared to 31 December 2011. During the second half of 2012, the DIFC made available a further 877,553 square feet of commercial office space, and average occupancy of DIFC-owned commercial offices stood at 94 per cent. as at 31 December 2012. As at 31 December 2012, 37 per cent. of registered companies operating from the DIFC were from Europe, 26 per cent. from the Middle East, 18 per cent. from North America, 11 per cent. from Asia and 8 per cent. from the rest of the world. The DFSA supervises and regulates a total of 435 entities, comprising 316 authorised firms, 89 ancillary service providers, 17 registered auditors, 11 registered funds and two authorised market institutions.

The laws and regulations of the DIFC are developed by the DIFC Authority (the **DIFCA**) and the DFSA. The DIFCA is responsible for the laws and regulations that regulate the non-financial activities within the DIFC, including employment law, companies and commercial law and real estate law. The DFSA is responsible for the laws and regulations relating to all the financial and ancillary services within the DIFC. DIFC's laws and regulations are applied by the DIFC Courts, which are independent of the Dubai Courts and the UAE Federal Courts, and consist of a Court of First Instance and a Court of Appeal.

Previously, the jurisdiction of the DIFC Courts was restricted to civil and commercial disputes having a direct nexus to the DIFC. However, in October 2011, the Ruler of Dubai issued Law. No. 16 of 2011 which abolished the requirement for disputes to have a direct nexus to the DIFC in order for the DIFC Courts to claim jurisdiction. As a result, private parties may now agree to choose the DIFC Courts to hear disputes under civil and commercial agreements. In addition, a protocol for enforcement has been established between the Dubai Courts and the DIFC Courts, which is intended to enable the enforcement in Dubai of a final, non-appealable judgment of the DIFC Courts.

In June 2012, the Ruler of Dubai issued the Markets Law 2012 and the Regulatory Law Amendment Law 2012, both of which are administered by the DFSA. These new laws are designed to promote investor protection in a manner that brings the regulatory regime in the DIFC in line with international standards, including the European Union and the Organisation for Economic Cooperation and Development.

Source: DIFC, DFSA

Dubai Airport Free Zone (DAFZ)

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

DAFZ is located within the boundaries of Dubai International Airport and businesses operating in DAFZ can use the logistics facilities available at the airport to transport goods through various cargo airlines that operate out of the airport. Companies located in DAFZ include Boeing, DHL, Federal Express, Red Bull, Roche, Panasonic Avionics, Rolls Royce, Airbus, Bauer Equipment USA Inc., Audi Volkswagen, Kawasaki Heavy Industries, Sumitomo Corporation, Toyota Motors and Isuzu Motors.

In 2000, DAFZ had 20,000 square metres of rentable space consisting of offices and light industrial units. By 2012, DAFZ had grown to include 167,000 square metres of office space, 90,000 square metres of light industrial units and warehouses and 196,000 square metres of land plots. DAFZ currently has over 1,600 tenants, 61 per cent. of whom are either European investors or investors from GCC member countries. 201 new companies registered with DAFZ in 2012.

Source: DAFZA

Dubai Silicon Oasis (DSO)

DSO was established in 2004 and is wholly owned by the Government through the Dubai Silicon Oasis Authority.

DSO principally supports and accommodates businesses and services in the technology, telecommunications, electrical and engineering sectors. Companies located in DSO include Philips, Fujitsu, AMD, Western Digital, Synopsys and Corning. As of December 2012, there were 711 entities operating in DSO, of which 68 per cent. are in the IT industry and 32 per cent. are related to the commercial and service sectors and diversified investment.

Source: DSO

BALANCE OF PAYMENTS AND FOREIGN TRADE

As Dubai does not prepare separate balance of payments statistics, this section describes the UAE's balance of payments generally and the discussion of foreign trade summarises the foreign trade of both the UAE and Dubai.

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

Balance of Payments

Current Account

Since there are no separate figures for the current and capital accounts for Dubai, the following table sets out the balance of payments for the UAE for each of the years 2009 to 2012.

UAE Balance of Payments:

	2009	**2010**	**2011**	**2012**
		(in millions of AED)		
Current Account Balance	**28,824**	**26,595**	**187,110**	**244,416**
Trade Balance (FOB)	154,596	179,872	391,470	470,939
Total Exports of the Hydrocarbon Sector	249,273	274,109	409,876	433,649
Non-hydrocarbon Exports	161,479	187,335	260,254	353,659
Re-exports[(1)]	293,642	322,778	439,101	498,520
Total Exports and Re-exports (FOB)	704,394	784,222	1,034,323	1,285,828
Total Imports (FOB)	(549,798)	(604,351)	(717,761)	(814,889)
Services (net)	(100,172)	(111,511)	(160,564)	(179,415)
Investment Income (net)	11,800	(366)	404	1,092
Transfers (net)	(37,400)	(41,400)	(44,200)	(48,200)
Capital and Financial Account	**(35,584)**	**18,457**	**(109,147)**	**(145,751)**
Capital Account[(2)]	–	–	–	–
Financial Account	(35,584)	18,457	(109,147)	(145,751)
Errors and Omissions	(15,760)	(18,120)	(61,342)	(62,300)
Overall Balance	**(22,520)**	**26,932**	**16,621**	**36,365**

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 33 per cent. of total exports and re-exports in each of 2009, 2010, 2011 and 2012, and its significant volumes of re-exports. The value of the UAE's hydrocarbon exports, the vast majority of which are made by Abu Dhabi, can be volatile as they depend on prevailing oil prices and agreed OPEC production quotas. The UAE's imports declined in 2009 by 15.1 per cent. as the effects of the global financial crisis were felt. The UAE's imports increased by 9.9 per cent. in 2010 compared to 2009, by 18.8 per cent. in 2011 compared to 2010, and by 13.5 per cent. in 2012 compared to 2011. The UAE's trade balance as a percentage of nominal GDP was 16.2 per cent. in 2009, 17.0 per cent. in 2010, 30.6 per cent. in 2011 and 33.4 per cent. in 2012.

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

The UAE had a positive current account balance in each of 2009, 2010, 2011 and 2012 equal to 3.0 per cent., 2.5 per cent., 14.6 per cent. and 17.3 per cent., respectively, of the UAE's nominal GDP in each of these years. The increased current account balance in 2012 was primarily due to outflow of funds due to services (freight and insurance, transport, travel and government services) increasing from AED 207.6 billion in 2011 to AED 234.8 billion in 2012, while the inflow increased from AED 47.0 billion in 2011 to AED 55.3 billion in 2012. During the same period, employees' transfers abroad increased from AED 41.2 billion in 2011 to AED 45.1 billion in 2012.

In July 2013, the IMF issued its UAE 2013 Article IV Consultation, which highlighted the UAE's continued economic recovery in 2012, supported by favourable oil prices, capital inflows and the UAE's "safe-haven" status amid political and social unrest in the MENA region. The IMF also commented that the UAE's short- and medium-term growth prospects are positive and that the UAE's sizeable foreign assets and improving fiscal position provide significant buffers to any risks arising from the global economic and financial environment. The IMF highlighted the recovery of the UAE's construction and real estate sectors, and on-going growth in the tourism sector. The IMF also commented on the size of GRE debt and certain risks associated with that debt, see "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme – Contingent Liabilities*".

Capital Account

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

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

In 2009, the net deficit in the financial account was AED 35.6 billion, and in 2010 a net surplus of AED 18.5 billion was achieved in the financial account reflecting an inflow of private sector non-bank capital and a reduction in the outflow of capital by public sector enterprises. The net balance on the capital and financial account was negative AED 109.1 billion in 2011 and negative AED 145.8 billion in 2012, indicating a net outflow of capital from the UAE during this period. Capital transfer by the private sector shifted from an inflow of AED 2.9 billion in 2011 to an outflow in the amount of AED 30.8 billion in 2012, while the public sector net transfers abroad increased from AED 112.0 billion in 2011 to AED 115.0 billion in 2012.

In 2009, the balance of payments showed a deficit of AED 22.5 billion, equal to 2.4 per cent. of the UAE's nominal GDP. In 2010, 2011 and 2012, the balance of payments showed a surplus of AED 26.9 billion, AED 16.6 billion and AED 36.4 billion, equal to 2.6 per cent., 1.3 per cent. and 2.6 per cent. of the UAE's nominal GDP in each of those years, respectively.

As at 31 December 2012, the UAE's official foreign asset holdings amounted to approximately AED 158.5 billion (source: UAE Central Bank). See "*Monetary and Financial System – Foreign Reserves*".

UAE's Foreign Trade

The section below summarises the UAE's foreign trade using information compiled by the NBS.

The total trade for the UAE increased to AED 1,066.6 billion in 2012 which reflects an increase of 15.0 per cent. from the previous year. The following table sets out the UAE's total foreign trade (imports, non-oil exports and re-exports) for each of the years 2009 to 2012:

	2009	2010	2011	2012
		(in millions of AED)		
Total Trade	**660,366**	**754,355**	**927,637**	**1,066,600**
Imports	447,394	485,414	602,757	686,500
Non-oil Exports	65,279	83,078	114,038	169,200
Re-exports	147,693	185,863	210,842	210,900

Source: NBS

Dubai's Foreign Trade

The section below discusses Dubai's foreign trade using information compiled by the Dubai customs authorities and the Dubai Statistics Centre. This information does not include trade with neighbouring emirates in the UAE.

The direct foreign trade for Dubai increased to AED 807.8 billion in 2012, an increase of 15.3 per cent. from AED 700.4 billion in 2011. Imports amounted to AED 501.7 billion, exports amounted to 148.5 billion and re-exports amounted to 157.7 billion in 2012. The following table sets out Dubai's total direct foreign trade (imports, exports and re-exports) for each of the years 2009 to 2012:

	2009	2010	2011	2012
		(in millions of AED)		
Total Trade	**488,498**	**575,656**	**700,425**	**807,843**
Imports (CIF)	318,520	363,671	441,666	501,668
Non-oil Exports (FOB)	52,420	67,962	98,064	148,486
Re-exports (FOB)	117,559	144,023	160,694	157,689

Source: Dubai Customs

In 2012, the share of imports in total trade was 62.1 per cent. compared to 63.1 per cent. in 2011 and 63.2 per cent. in 2010. The share of exports and re-exports in total trade for 2012 was 18.4 per cent. and 19.5 per cent., respectively. The value of Dubai's imports grew by 14.2 per cent. in 2010, 21.4 per cent. in 2011 and 13.6 per cent. in 2012 to reach AED 501.7 billion, mainly due to an increase in exports from the manufacturing sector and an increase in imports of gold and gold-plated merchandise, mobile telecommunications devices and diamonds. The value of Dubai's exports grew by 29.6 per cent. in 2010, 44.3 per cent. in 2011 and 51.4 per cent. in 2012, reaching AED 148.5 billion. The increase in exports was mainly due an increase in exports of gold and aluminium. The value of Dubai's re-exports grew by 22.5 per cent. in 2010 and 11.6 per cent. in 2011, and declined by 1.9 per cent. in 2012, reaching AED 157.7 billion.

Dubai's principal merchandise imports in 2012 were gold and gold-plated merchandise, accounting for approximately 18 per cent. of total imports, followed by mobile telecommunications devices, accounting for approximately 7 per cent. of total imports, and diamonds, accounting for approximately 6 per cent. of total imports. These goods were principally imported from major trading partner countries such as China, USA, India, Japan and Turkey. These countries accounted for 15.1 per cent., 9.3 per cent., 9.2 per cent., 4.7 per cent. and 4.6 per cent., respectively, of the total imports into Dubai in 2012.

India is the largest export and re-export market for goods from Dubai. In 2012, India accounted for 19.7 per cent. of the total exports from Dubai, with a total value of AED 32.1 billion, and 15.2 per cent. of the total re-exports from Dubai, with a total value of AED 50.9 billion.

The distribution of trade by region (see table below) shows that the share of Asia amounted to 55.0 per cent. of the total foreign trade with Dubai in 2012. According to information published by Dubai Customs, Asia accounted for AED 444.1 billion of trade with Dubai in 2012, followed by Europe and Africa with AED 201.9 billion and AED 79.3 billion, respectively. These three regions together accounted for approximately 89.8 per cent. of Dubai's total foreign trade in 2012. During 2012, India was the largest trading partner for Dubai, followed by Switzerland, the United States, China and Turkey.

The following table sets out the distribution of Dubai's foreign trade for 2012:

Region	Imports	Exports	Re-exports	Total Trade	Per cent.
			(in millions of AED)		
Asia	258,569	78,834	106,679	444,082	55.0
Europe	113,323	60,107	28,427	201,857	25.0
Africa	54,037	7,213	18,040	79,290	9.8
North America	58,878	1,472	3,639	63,990	7.9
South America	8,990	256	338	9,584	1.2
Australia	7,139	570	507	8,216	1.0
Central America	733	34	58	825	0.1
Total	**501,668**	**148,486**	**157,689**	**807,843**	**100.0**

Source: Dubai Customs

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. The principal objective of the UAE's monetary policy to date 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 and the UAE authorities have expressed publicly their commitment to the UAE dirham and the fixed exchange rate regime. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE dirham is freely convertible.

With the advent of the global financial crisis in 2008, the UAE's monetary policy was, in addition, focused on protecting its banking sector and a number of measures were announced by the UAE Central Bank and federal authorities in this regard. See "Response to the Global Financial Crisis" below.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years 2009 to 2012:

	2009	2010	2011	2012
		(in millions of AED)		
Currency issued (M0)	45,580	47,775	52,087	57,773
Money supply (M1)	223,482	232,961	264,096	299,173
Private domestic liquidity (M2)	740,618	786,388	825,758	862,974
Overall domestic liquidity (M3)	947,780	985,172	1,001,357	1,083,053
Broad money (M2) to nominal UAE GDP (per cent.)	77.6	74.5	64.5	61.2
Private sector credit	723,866	720,617	730,861	729,032
Private sector credit to nominal UAE GDP (per cent.)	75.9	68.3	57.1	51.7
Domestic credit	958,588	972,107	992,906	1,026,259
Domestic credit to nominal UAE GDP (per cent.)	100.5	92.1	77.6	72.8

Source: UAE Central Bank

Reflecting the effects of the global financial crisis, the rate of growth in broad money (comprising cash and money on deposit in banks in the domestic currency) has slowed, with broad money increasing by only 4.5 per cent. in the 12-month period ended 31 December 2012, compared with an increase of 5.0 per cent., 6.2 per cent. and 9.8 per cent. in the 12-month periods ended 31 December 2011, 2010 and 2009, respectively. Since 2009, broad money expressed as a percentage of nominal GDP has decreased each year, from 77.6 per cent. in 2009 to 74.5 per cent., 64.5 per cent. and 61.2 per cent. in 2010, 2011 and 2012, respectively.

The availability of private sector credit decreased slightly in 2012 from AED 730,861 million as at 31 December 2011 to AED 729,032 million as at 31 December 2012, whilst domestic credit increased during 2012 from AED 992,906 million as at 31 December 2011 to AED 1,026,259 million as at 31 December 2012. Since 2009, private sector credit expressed as a percentage of nominal GDP has decreased each year, from 75.9 per cent. in 2009 to 68.3 per cent., 57.1 per cent. and 51.7 per cent. in 2010, 2011 and 2012, respectively. Similarly, domestic credit expressed as a percentage of nominal GDP has decreased each year, from 100.5 per cent. in 2009 to 92.1 per cent., 77.6 per cent. and 72.8 per cent. in 2010, 2011 and 2012, respectively.

Foreign Reserves

The following table sets out the foreign assets holdings of the UAE Central Bank as at 31 December in each of the years 2009 to 2012:

	2009	2010	2011	2012
		(in millions of AED)		
Foreign Assets Holdings	89,875	116,701	132,291	158,463

Source: UAE Central Bank

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

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

Banking and Financial Services

The financial corporations sector in Dubai contributed AED 35,354 million (or 11.1 per cent. of Dubai's real GDP) in 2012.

Within the UAE as a whole, the financial sector was estimated to have contributed approximately 7.0 per cent. of real GDP in 2012. With 51 licensed commercial banks (comprising 23 local banks with 805 branches and 28 licenced foreign banks with 85 branches) as at 31 December 2012, serving a population estimated to be in the region of 8.3 million at the end of 2010, 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. According to the UAE Central Bank, the aggregate loans and advances extended to residents and non-residents of the UAE as at 31 December 2012 was AED 1,099.1 billion, compared to AED 1,071 billion as at 31 December 2011, AED 1,031.3 billion as at 31 December 2010 and AED 1,017.7 billion as at 31 December 2009. Of these amounts, specific and general provisions were AED 85.4 billion in 2012, AED 71.6 billion in 2011, AED 56.8 billion in 2010 and AED 43.3 billion in 2009, equating to provision rates of 7.8 per cent., 6.7 per cent., 5.5 per cent. and 4.3 per cent., respectively.

The following table sets out a statistical analysis of the UAE banking sector as at 31 December in each of the years 2009 to 2012.

	2009	2010	2011	2012
		(in millions of AED)		
Total Number of Commercial Banks	52	51	51	51
Total Number of Branches	756	815	851	890
Total Number of Employees(1)	37,704	37,403	37,499	36,246
Total Credit Facilities(2) (AED millions)	958,588	972,107	992,906	1,026,259
Total Provisions(3) (AED millions)	43,300	56,800	71,600	85,400
Total Assets(2) (AED millions)	1,521,002	1,609,257	1,665,220	1,794,395
Total Deposits (AED millions)	982,579	1,049,628	1,069,750	1,167,797

Source: UAE Central Bank

Notes:

(1) Excluding overseas branches.

(2) Net of provisions and interest in suspense.

(3) Including interest in suspense.

Principal Banks in Dubai

The following table sets out summary information for each of the five principal banks by asset size established in Dubai:

	Number of Branches	Year Established	Government ownership (per cent.)	Assets (AED millions)
Emirates NBD PJSC[(1)]	141	2007[(3)]	55.64	337,774
Dubai Islamic Bank[(1)]	81	1975	29.80	111,137
Mashreqbank[(2)]..	48	1967	–	76,383
Commercial Bank of Dubai[(1)]	24	1969	20.00	42,367
Noor Islamic Bank[(1)]	13	2008	25.00	21,532

Source: ICD; Published financial statements

Notes:

(1) As at 30 June 2013.

(2) As at 31 December 2012.

(3) 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.

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 (the **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 issued by the International Accounting Standards Board.

Characteristics of the Banking System

The UAE banks are predominantly focused on the domestic market. 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. 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 PJSC (**Dubai Bank**) (which was acquired in May 2011 by the Government and in October 2011 by Emirates NBD PJSC, see "*Public Finance – Major ICD Investments – Emirates NBD PJSC*") 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 23 as at 31 December 2012, are required to be public shareholding companies with a minimum share capital of AED 40 million.

Licensed foreign commercial banks, of which there were 28 as at 31 December 2012, 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 licences 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).

Response to the Global Financial Crisis

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

While the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements 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 were expected to be internal risk-based compliant for credit risk by 1 January 2011. The Basel II Accord requires banks to maintain a minimum capital adequacy ratio of 8 per cent. calculated as the percentage of total eligible regulatory capital to total risk weighted assets for credit risks, operational and market risks. Under Pillar II of the Basel II Accord, regulators could require some banks to provide additional capital based on the overall risk profile, beyond the minimum requirements under Pillar I of the Basel II Accord.

During 2009, the Government (acting through ICD) subscribed for AED 4 billion of mandatory convertible securities issued by Emirates NBD PJSC (**ENBD**). In addition, the federal government provided AED 50 billion in deposits to UAE banks and UAE banks were given the option to convert those deposits into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE subsequently made such conversions. The capital adequacy ratio of all UAE national banks was 21.0 per cent. as at 31 December 2012, compared to 20.8 per cent. as at 31 December 2011, 20.8 per cent. as at 31 December 2010 and 19.2 per cent. as at 31 December 2009.

The following table sets out the capital adequacy ratio of all UAE national banks as at 31 December in each of the years 2009 to 2012.

	2009	**2010**	**2011**	**2012**
Total capital adequacy ratio (per cent.)	19.2	20.8	20.8	21.0
Tier I capital adequacy ratio (per cent.)	15.4	16.1	16.3	17.6

Source: UAE Central Bank

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 63.8 per cent. of total deposits of the UAE banking sector at 31 December 2012. Government and public sector deposits contributed approximately 24.7 per cent. of total deposits at 31 December 2012. Non-resident sources contributed approximately 11.5 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 and, in May 2011, Dubai Bank was taken over by the Government, see "*Increased Provisions and Insolvencies*" below. 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.

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 US dollar funding from the UAE Central Bank.

Certain mortgage companies based in the UAE have experienced significant liquidity issues since 2008. One of these institutions is Tamweel PJSC (**Tamweel**), which was established in 2004 as a real estate Islamic finance provider. In October 2010, the Government supported a move by Dubai Islamic Bank to take a controlling stake in Tamweel (of 58.25 per cent.) and additionally assisted Tamweel in rolling over existing banking and corporate debts for five years. In May 2013, Dubai Islamic Bank increased its stake in Tamweel to 86.50 per cent. Tamweel was delisted from the DFM in July 2013.

The UAE Central Bank is expected to tighten regulations on how banks in the UAE manage liquidity through the introduction of new qualitative, quantitative and reporting requirements on liquidity risk management.

Increased Provisions and Insolvencies

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

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

Dubai Bank was taken over by the Government in May 2011, supported by both the UAE Central Bank and the UAE Ministry of Finance. The objective was to ensure the preservation of all of Dubai Bank's depositors' interests and the takeover was designed to ensure that Dubai Bank's business continued uninterrupted while options for the bank's future were assessed. Subsequently, in October 2011, in accordance with a decree issued by the Ruler of Dubai, ENBD acquired a 100 per cent. stake in Dubai Bank, following which Dubai Bank became a fully-owned Islamic banking subsidiary of ENBD.

Large Exposures

The UAE Central Bank has adopted certain rules designed to ensure that banks' credit policies are sound and that undue risk does not arise from excessive concentration of credit to a single borrower or a group of related borrowers, thereby safeguarding the relevant bank's solvency. Amendments to these rules made in April 2012 pursuant to circular no. 209/2012 (the **Liquidity Regulation**) have provided guidelines as to the amount of credit which can be extended to the UAE federal government, local governments and related commercial entities. In relation to private sector entities, the Liquidity Regulation provides for a large exposures limit of 7 per cent. of bank capital and a single holding limit of 5 per cent. of bank capital. The Liquidity Regulation will also establish a large exposures limit of 25 per cent. and a funded exposures limit of 15 per cent. with respect to local governments and their non-commercial entities, as well as for commercial entities of either the federal government or local governments. In December 2012, the UAE Central Bank announced that the implementation of the Liquidity Regulation is to be postponed until details of its requirements are fully agreed, although the announcement did not state when the Liquidity Regulation is intended to be implemented.

UAE Central Bank regulations also specifically provide for exposure limits to banks. With respect to banks operating within the UAE that have a maturity of over one year, the UAE Central Bank regulations prohibit exposure that amounts to more than 25 per cent. of the lending bank's capital base. Similarly, exposures to banks operating outside the UAE, irrespective of their maturity, may not exceed 30 per cent. of the lending bank's capital base. In addition, the UAE Central Bank restricts overall exposure to related parties within a single banking group at no more than 25 per cent. in aggregate of a bank's capital base.

Federal Debt Management

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

Credit Information Agency

In May 2010, the Government appointed the Emirates Credit Information Company (**Emcredit**) as the official body for providing credit information services in Dubai. Emcredit is now the entity responsible for providing credit reporting services in the Emirate, with responsibility for collecting, storing, analysing and disseminating credit information in Dubai. Additionally, in February 2011, the UAE Central Bank issued new regulations in relation to the retail banking sector, aimed at controlling lending activities and excessive charges by banks, whilst also protecting banks by regulating lending and encouraging banks to carry out proper due diligence on potential borrowers.

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.

Capital Markets

The capital markets in the UAE are regulated by a number of entities including the Securities & Commodities Authority (the **SCA**), which licenses intermediaries to trade on the DFM and the Abu Dhabi Stock Exchange. The SCA is a federal government organisation but has financial, legal and administrative independence.

The other significant stock exchange in the UAE is NASDAQ Dubai (formerly known as the Dubai International Financial Exchange) which commenced operations in September 2005 and, as an entity based in the Dubai International Financial Centre, is separately regulated.

Dubai Financial Market

The DFM, which is now, along with NASDAQ Dubai, owned by Borse Dubai, was established by the 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 DFM Index stood at 1,622.5 as at 31 December 2012 compared to 1,353.3 as at 31 December 2011, an increase of 19.9 per cent. As at 31 August 2013, the DFM Index stood at 2,523.1. The total market capitalisation of the DFM Index increased by 1.0 per cent. during 2012, reaching AED 183.8 billion as at 31 December 2012, compared to AED 181.9 billion as at 31 December 2011. As at 31 August 2013, the total market capitalisation of the DFM Index stood at AED 232.8 billion.

The following table sets out the number of traded shares, the value of traded shares, the number of executed transactions on the DFM and the closing price of the DFM Index as at 31 December in each of the years 2009 to 2012:

	2009	**2010**	**2011**	**2012**
Number of Traded Shares (millions)	110,684	38,392	25,164	40,463
Value of Traded Shares (AED millions)...	173,507	69,665	32,088	48,774
Number of Trades	1,984,000	795,000	444,814	621,434
Market Capitalisation (AED millions)......	213,377	199,086	181,993	183,836
DFM Index Year-End Index Closing Price	1,803.6	1,630.5	1,353.4	1,622.5

Source: Dubai Statistics Centre, DFM

The value of traded shares on the DFM increased by 52.0 per cent. reaching AED 48.8 billion in 2012 from AED 32.1 billion in 2011. The number of shares traded increased 60.8 per cent. to AED 40.5 billion in 2012 from 25.2 billion in 2011. The number of trades increased by 39.7 per cent. to 621,434 in 2012 from 444,814 in 2011. The real estate and construction sector accounted for the highest value of trades in 2012, at AED 23.2 billion, representing 47.7 per cent. of the value of all traded shares. This was followed by the banking sector with a value of AED 8.9 billion, representing 18.2 per cent. of the value of all traded shares, the financial and investment services sector with a value of AED 5.1 billion, representing 10.5 per cent. of the value of all traded shares, and the services sector with AED 4.1 billion, representing 8.4 per cent. of the value of all traded shares.

NASDAQ Dubai

NASDAQ Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, the DFM announced that it had made an offer to Borse Dubai Limited and the NASDAQ OMX Group to acquire NASDAQ Dubai. The offer was valued at U.S.$121 million and comprised U.S.$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the OMX Group and was completed on 11 July 2010. Subsequent to the transaction, both NASDAQ Dubai and the DFM are operating as two distinct markets that are subject to different regulatory frameworks. NASDAQ Dubai is regulated by the Dubai Financial Services Authority and the DFM is regulated by the SCA.

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* and conventional bonds. There were 12 *Sukuk* listed on NASDAQ Dubai as at 30 September 2013.

Equity listings on NASDAQ Dubai include DP World Limited, which had the Middle East's largest IPO in November 2007 at U.S.$5.0 billion, as well as Al Baraka Banking Group, Depa Limited and Gold Fields Limited.

In 2012, the value of equities traded on NASDAQ Dubai decreased by 24.5 per cent. to AED 1.9 billion compared to AED 2.5 billion in 2011. The closing price of the NASDAQ Dubai UAE 20 Index stood at 1,819.8 as at 31 December 2012 compared to 1,374.4 as at 31 December 2011, an increase of 32.4 per cent.

The following table sets out the number of traded shares, the value of traded shares and the number of executed transactions on NASDAQ Dubai, the market capitalisation of NASDAQ Dubai and the closing price as at 31 December of the NASDAQ Dubai UAE 20 Index in each of the years 2009 to 2012:

	2009	**2010**	**2011**	**2012**
Number of Traded Shares (millions)	3,096	2,623	602	259
Value of Traded Shares (AED millions)...	3,952	4,805	3,410	1,867
Number of Executed Transactions............	22,471	20,241	16,416	11,792
Market Capitalisation (AED millions)......	181,229	183,337	32,777	36,428
NASDAQ Dubai UAE 20 Year-End Closing Price..	1,851.4	1,800.6	1,374.4	1,819.8

Source: NASDAQ Dubai, Bloomberg

PUBLIC FINANCE

Government Finance

Dubai Government Budget

The Government is organised into 20 major departments, each with specific responsibilities. The 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 GREs except for income in respect of dividends received from ICD (see "Principal Investments" below).

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

The Government's budget preparation process is coordinated 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, negotiated and agreed with each department 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 the DoF before it is finally approved in mid-December of each year by the Ruler of Dubai ahead of its announcement in January.

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. Any proposed spending beyond an allocated budget requires justification and approval. The DoF prepares annual financial statements which are audited by the Emirate's Financial Audit Department. These financial statements are not published.

Budget 2013 details

The Government has budgeted government revenues in 2013 of AED 32.6 billion, approximately 5.0 per cent. lower than actual revenues in 2012, and has budgeted total expenditure to be AED 34.1 billion, which is approximately 4.3 per cent. lower than 2012 actual expenditure, resulting in an overall budget deficit of AED 1.5 billion in 2013 compared with an actual deficit of AED 1.3 billion in 2012 (see "*Budget Surplus or Deficit*" below).

The 4.3 per cent. decrease in budgeted expenditure in 2013 as compared to 2012 is principally due to a budgeted decrease in subsidies due to reclassification and Government policy, and a decrease in grants, which had been at a higher level in 2011 and 2012 following a significant reduction in the level of grants in 2010. The 5.0 per cent. decrease in budgeted revenues in 2013 as compared to 2012 reflects a conservative outlook on both oil and gas prices and the performance of banks at the time when the 2013 budget was calculated, and a reduction in customs revenue due to the implementation in Dubai of a GCC-wide policy to exempt the import of electronic goods from customs levies.

The following table sets out the Government's actual revenues and expenditures in each of the years 2009 to 2012 and budgeted data for 2013:

	2009	**2010**	**2011**	**2012**	**2013**[(1)]
			(in billions of AED)		
Non-Tax Revenue	**21,293**	**22,811**	**24,704**	**25,964**	**25,044**
Oil & Gas	4,703	5,014	5,477	5,586	3,916
Enterprise Profits	770	1,885	1,375	1,314	1,000
Other	15,820	15,912	17,851	19,064	20,128
Tax Revenue	**7,132**	**7,056**	**7,987**	**8,385**	**7,576**
Customs	5,792	5,944	6,894	7,038	6,376
Income Tax	1,340	1,113	1,093	1,347	1,200
Total Revenue	**28,425**	**29,868**	**32,691**	**34,349**	**32,620**
Current Expenditure	**25,609**	**23,757**	**25,077**	**26,114**	**25,300**
Wages and Salaries	10,369	10,886	11,200	11,658	13,200

Goods and Services	6,748	6,555	7,197	7,881	7,500
Subsidies and Transfers	5,753	5,357	5,730	5,979	3,800
Other	2,739	960	950	597	800
Development Expenditure	13,499	8,853	7,135	5,735	5,620
Loan and Equity (net)	1,056	2,680	2,649	2,314	2,000
Grants	1,200	600	1,500	1,500	1,200
Total Expenditure	**41,364**	**35,890**	**36,360**	**35,663**	**34,120**
Overall Balance	**(12,939)**	**(6,022)**	**(3,669)**	**(1,314)**	**(1,500)**

Source: DoF

Notes:

(1) Budget for 2013.

Revenue

Dubai's revenues are categorised as non-tax revenues and tax revenues. The Government's non-tax revenue, which comprised 74.9 per cent., 76.4 per cent., 75.6 per cent. and 75.6 per cent. of total revenues in the years 2009, 2010, 2011 and 2012, respectively, and is budgeted to comprise approximately 76.8 per cent. of total revenues in 2013, principally comprises a range of fees as well as revenues from oil and gas operations and contributions made by ICD to the Government.

Oil and gas revenue increased by 9.2 per cent. between 2010 and 2011, and by 2.0 per cent. between 2011 and 2012, principally due to the increase in average oil prices in 2011 and 2012. The budgeted decrease in oil and gas revenues by 29.9 per cent. in 2013 compared to actual figures for 2012 reflects lower oil price forecasts for 2013.

Revenue from enterprise profits decreased by 27.0 per cent. between 2010 and 2011, principally due to the repayment by ICD in 2011 of around U.S.$4 billion of principal of its debt in 2011. Revenue from enterprise profits decreased by 4.5 per cent. between 2011 and 2012, and is budgeted to decrease by 23.9 per cent. in 2013. The budgeted decrease in 2013 is principally due to lower budgeted allocation of profits from ICD due to certain debt obligations of ICD maturing in 2013.

The fee revenues which are referred to as "Other" in the table above, include land transfer and mortgage registration fees, housing fees, municipality fees, immigration and visa related fees, tourism related fees (including hotel taxes), aviation related fees, such as airport taxes and other transport related fees, including road tolls and automobile registration fees. Revenues from this source increased by 12.2 per cent. between 2010 and 2011, principally due to increased collection of hotel fees, Nol card usage fees, immigration fees and fees at Government-owned hospitals. This category of revenues has increased as a proportion of non-tax revenues, from 74.3 per cent. in 2009 to 69.8 per cent. in 2010, 72.3 per cent. in 2011 and 73.4 per cent. in 2012. These fees are budgeted to account for around 80.4 per cent. of non-tax revenues in 2013. Revenue from this source is budgeted to increase by 5.6 per cent. in 2013 compared to 2012, principally due to increased revenues collected by the RTA and Dubai Airports due to increased passenger capacity following the completion of infrastructure projects such as the Green Line of the Dubai Metro and the newly-opened third concourse at Dubai International Airport.

Tax revenues comprise customs duties, which comprised 81.2 per cent., 84.2 per cent., 86.3 per cent. and 83.9 per cent. of total tax in the years 2009, 2010, 2011 and 2012, respectively, and are budgeted to comprise 84.2 per cent. of total tax revenues in 2013. Customs revenues for 2012 increased by approximately 2.1 per cent. from 2011. Customs revenues for 2013 are budgeted to decrease by approximately 9.4 per cent. from actual figures in 2012, principally due to the implementation in Dubai of a GCC-wide policy to exempt the import of electronic goods from customs levies.

In addition to customs duties, the Government levies a 20 per cent. income tax on profits earned by foreign banks operating in Dubai and the income tax line item in the table above represents this tax. Dubai itself does not levy any income tax on individuals or businesses. Revenues from the income tax category increased by 23.2 per cent. from 2011 to 2012, primarily due to strong performance by banks, and are budgeted to decrease by 10.9 per cent. in 2013, principally due to a conservative outlook on the performance of banks at the time that the 2013 budget was calculated.

The Government has no plans currently to implement income or corporation taxes, although there are currently studies being performed by the federal government and GCC governments on the potential scope and impact of a value added tax regime.

Overall revenues to be collected by the Government are budgeted to decrease by 5.0 per cent. in 2013 as compared to actual figures 2012.

In 2009, the Government directed that fees for government services should not be increased in the near term to reduce the strain on residents during the global downturn. As a result, the fee rates that are charged for various government services have largely remained stable since 2009. The increase in fee revenue in 2012 was principally due to increased collection of hotel fees, Nol card usage fees, immigration fees and fees at Government-owned hospitals.

The following table sets out a breakdown of the Government's revenues by department in each of the years 2009 to 2012 and the budgeted breakdown for 2013:

	2009	**2010**	**2011**	**2012**	**2013[1]**
			(in billions of AED)		
Ports and Customs	5,792	5,944	6,894	7,118	7,140
Department of Finance	2,368	3,086	2,836	3,345	2,871
Roads and Transport Authority[2]	3,763	4,156	3,697	4,169	4,258
Dubai Municipality	4,572	4,759	4,860	5,558	5,244
Department of Petroleum Affairs	4,703	5,014	5,477	5,586	3,916
Dubai Airports	1,940	2,356	2,643	2,904	3,082
Land Department	1,289	1,139	1,537	1,917	1,600
Dubai Police	1,061	1,190	1,172	987	1,350
Department of Economic Development	316	333	374	475	440
Immigration Department	794	830	1,002	1,106	1,125
Other Departments	1,827	1,061	2,199	1,183	1,594
Total	**28,425**	**29,868**	**32,691**	**34,349**	**32,620**

Source: DoF

Notes

(1) Budget for 2013.

(2) RTA revenues for 2011 include AED 507 million towards debt servicing of Salik monetisation. See "Indebtedness – Guarantees and Contingent Obligations."

Ports and Customs revenues increased by 16.0 per cent. in 2011 compared to 2010, principally due to increased trade activity at Dubai ports. Ports and Customs revenues increased by 3.3 per cent. in 2012 compared to 2011, and are budgeted to increase by 0.3 per cent. in 2013 compared to actual figures for 2012, principally due to higher overall trade activity.

Revenues for the Department of Finance increased by 17.9 per cent. in 2012 compared to 2011 due to increased taxes collected from banks. A 14.2 per cent. decrease in revenues for the Department of Finance is budgeted in 2013 compared to actual figures for 2012, principally due to lower enterprise profits due to lower budgeted allocation of profits from ICD.

Revenues for the RTA decreased by 11.0 per cent. in 2011 compared to 2010, principally due to the collection in 2010 of one-off revenue resulting from the passing of a decree which took effect in 2010 that enabled the Government to collect a large amount of revenue relating to a backlog of unpaid Salik fees from drivers from the other emirates of the UAE. Revenues for the RTA increased by 12.8 per cent. in 2012 compared to 2011, principally due to increased revenues from the Dubai Metro and bus passengers. Revenues for the RTA are budgeted to increase by 2.1 per cent. in 2013 compared to actual figures for 2012.

Revenues for Dubai Municipality increased by 2.1 per cent. in 2011 compared to 2010, and 14.4 per cent. in 2012 compared to 2011, principally due to stricter and more extensive implementation of housing fees, higher taxes collected from hotels due to increased occupancy rates and generation of revenue from Jebel Ali

Sewage plant. A 5.6 per cent. decrease in revenues for Dubai Municipality is budgeted in 2013 compared to actual figures for 2012.

Revenues for the Department of Petroleum Affairs increased by 9.2 per cent. in 2011 compared to 2010 and 2.0 per cent. in 2012 compared to 2011, principally due to higher international oil prices. The budgeted decrease in oil and gas revenues by 29.9 per cent. in 2013 compared to actual figures for 2012 reflects lower levels of production and conservative oil price forecasts for 2013.

Revenues for Dubai Airports increased by 12.2 per cent. in 2011 compared to 2010 and 9.9 per cent in 2012 compared to 2011, principally due to the higher number of passengers in 2012 and 2011 compared to 2010 (see "*Economy of Dubai – Airports*"). Revenues for Dubai Airports are budgeted to increase by 6.1 per cent. in 2013 compared to actual figures for 2012, principally due to increased passenger numbers and increased capacity due to the newly-opened third concourse at Dubai International Airport.

Revenues for the Dubai Land Department increased by 34.9 per cent. in 2011 compared to 2010, principally due to fees from an increased number of registered land transactions, indicating increased confidence in the Dubai property market in 2011. Revenues for the Dubai Land Department increased by 24.7 per cent. in 2012 compared to 2011, principally due to a higher number of transactions during this period, and are budgeted to decrease by 16.5 per cent. in 2013 compared to actual figures for 2012, principally due to a conservative outlook on the number of land transactions at the time that the 2013 budget was calculated.

Expenditure

Total expenditure for 2012 was AED 35.7 billion, which is approximately 1.9 per cent. lower than total expenditure in 2011, and total expenditure budgeted for 2013 is AED 34.1 billion, which is approximately 4.3 per cent. lower than total actual expenditure for 2012. This decrease is principally due to the planned completion of certain of the RTA's capital intensive infrastructure projects and a significant reduction in subsidies and transfers.

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

The 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 Government to, among others, sports clubs, cultural organisations, social and research entities, shopping festival allocations, charitable and religious initiatives.

Current expenditure accounted for 61.9 per cent., 66.2 per cent., 69.0 per cent. and 73.2 of total Government expenditure in 2009, 2010, 2011 and 2012, respectively, and is budgeted to account for 74.2 per cent. of total expenditure in 2013.

The 5.6 per cent. increase in current expenditure for 2011 compared to 2010 was principally due to routine and planned increases in wages and salaries of government employees of 2.9 per cent. in 2011. Wages and salaries increased by 4.1 per cent. in 2012 compared to 2011, principally due to an increase in staffing due to the construction of Al Maktoum International Airport and the new third concourse at Dubai International Airport. Current expenditure is budgeted to decrease by 3.1 per cent. in 2013 compared to actual figures for 2012.

Goods and services expenditure has increased in recent years reflecting an expansion of services provided by various departments as they expand to serve the growing population. Expenditure in this area increased by 9.8 per cent. from 2010 to 2011, principally due to an increase in the cost of electricity and fuel, and increased by 9.5 per cent. from 2011 to 2012, principally due to the reclassification of certain entities subsidised by the Government as GREs and an increase in operating expenditure such as utilities maintenance. Goods and services expenditure is budgeted to decrease by 4.8 per cent. in 2013 compared to actual figures for 2012.

Expenditure due to subsidies and transfers is budgeted to decrease by 36.4 per cent. in 2013 compared to actual figures for 2012, despite increased expenditure on social funds such as the Social Solidarity Fund, which was established in December 2012 pursuant to Law No. 7 of 2012. The Social Solidarity Fund was established to improve cooperation among members of society and provide social welfare for eligible Emirati families. Benefits under the Social Solidarity Fund include continuous financial assistance, emergency and one-time financial assistance, zero-interest loans and temporary home rentals.

The Government's development expenditure accounted for 32.6 per cent., 24.7 per cent., 19.6 per cent. and 16.1 per cent. of total expenditure in the years 2009, 2010, 2011 and 2012, respectively, and is budgeted to account for 16.5 per cent. of total expenditure in 2013. 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. Development expenditure fell by 19.4 per cent. from 2010 to 2011, 19.6 per cent. from 2011 to 2012, and is budgeted to decrease by a further 2.0 per cent. in 2013, in each case, principally due to completion of certain infrastructure projects.

Expenditure in the loan and equity category decreased by 12.6 per cent. in 2012 compared to 2011 and is budgeted to decrease by 13.6 per cent in 2013.

The following table sets out a breakdown of the total expenditure of the Government departments in each of the years 2009 to 2012 and the budgeted total expenditure for 2013:

	2009	**2010**	**2011**	**2012**	**2013**(1)
			(in billions of AED)		
Department of Finance	8,068	8,696	9,923	9,834	8,641
Dubai Health Authority	2,500	2,353	2,842	3,186	3,405
Dubai Police	3,818	3,854	3,879	4,134	4,368
Dubai Airports	1,652	1,860	2,164	2,245	2,488
Dubai Municipality	3,966	3,691	2,735	2,385	2,967
Road Transport Authority	14,946	9,535	8,930	7,723	6,148
State Security	894	922	1,001	982	1,186
Other Departments	5,519	4,979	4,886	5,174	4,918
Total	**41,364**	**35,890**	**36,360**	**35,663**	**34,120**

Source: DoF

Notes:

(1) Budget for 2013.

Expenditure by the DoF increased by 14.1 per cent. in 2011 compared to 2010, principally due to increased grants to the federal government. Such expenditure decreased by 0.9 per cent. in 2012 compared to 2011, and is budgeted to decrease by 12.1 per cent. in 2013 compared to actual figures for 2012.

Expenditure by the Dubai Health Authority increased by 20.8 per cent. in 2011 compared to 2010. Such expenditure increased by 12.1 per cent. in 2012 compared to 2011, and is budgeted to increase by 6.9 per cent. in 2013 compared to actual figures for 2012, principally due to the ongoing construction of the new Al Jalila Children's Specialty Hospital and an increase in the number of employees.

Expenditure by the Dubai Police Department increased by 0.6 per cent. in 2011 compared to 2010. Such expenditure increased by 6.6 per cent. in 2012 compared to 2011, and is budgeted to increase by 5.7 per cent. in 2013 compared to actual figures for 2012, principally due to higher staffing requirements due to the opening of the new third concourse at Dubai International Airport.

Expenditure by Dubai Airports increased by 16.3 per cent. in 2011 compared to 2010, principally due to increased electricity and fuel costs. Such expenditure increased by 3.7 per cent. in 2012 compared to 2011, and is budgeted to increase by 10.8 per cent. in 2013 compared to actual figures for 2012.

Expenditure by Dubai Municipality decreased by 25.9 per cent. in 2011 compared to 2010, principally due to the completion of the Jebel Ali sewage plant in 2010. Such expenditure decreased by 12.8 per cent. in 2012 compared to 2011, and is budgeted to increase by 24.4 per cent. in 2013 compared to actual figures for 2012.

Expenditure by the Road Transport Authority decreased by 6.3 per cent. in 2011 compared to 2010. Such expenditure decreased by 13.5 per cent. in 2012 compared to 2011, and is budgeted to decrease by 20.4 per cent. in 2013 compared to actual figures for 2012. These decreases are principally due to lower development expenditure due to the completion of various infrastructure projects.

Budget Surplus or Deficit

In 2009, a deficit of AED 12.9 billion was recorded, representing 4.4 per cent. of Dubai's nominal GDP, principally reflecting increased development expenditures in that year. In 2010, a deficit of AED 6.0 billion was recorded, representing 2.0 per cent. of Dubai's nominal GDP. The 2010 deficit was lower than originally estimated due to oil revenues and enterprise profits exceeding the amount originally budgeted and development expenditures being less than budgeted. In 2011, a deficit of AED 3.7 billion was recorded, representing 1.2 per cent. of Dubai's nominal GDP and a decrease of 39.1 per cent. on the deficit for 2010, principally due to an increase in oil revenues and decreased development expenditure. In 2012, a deficit of AED 1.3 billion was recorded, representing 0.4 per cent. of Dubai's nominal GDP and a decrease of 64.2 per cent. on the deficit for 2011, partially due to lower development expenditures related principally to completion of various infrastructure projects. In 2013 a deficit of AED 1.5 billion is budgeted, representing an increase of 14.2 per cent. on the deficit for 2012. This increased budgeted deficit is principally due to lower budgeted revenues due to a conservative outlook on both oil and gas prices and the performance of banks at the time when the 2013 budget was calculated, and a reduction in customs revenue due to the implementation in Dubai of a GCC-wide policy to exempt the import of electronic goods from customs levies.

Subsidies provided to Emirates National Oil Company (ENOC) and Emirates Petroleum Products Company (EPPCO)

ENOC and EPPCO supply petrol to retail consumers at a price that is set by the federal government. Both ENOC and EPPCO have been incurring cash losses in recent years as a result of the imposition of a fixed petrol price. To compensate for such losses, the Government provides a subsidy to both of these companies. As at 31 December 2012, the total amount of subsidies payable to ENOC and EPPCO amounted to AED 7.94 billion.

Principal Investments

The Government owns all of the shares in two separate holding companies, ICD and Dubai World, as well as the Dubai Real Estate Corporation (**DREC**).

ICD is the investment arm of the 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 revenue towards the Government's annual budget.

Dubai World is a holding company formed in 2006 pursuant to a decree issued by the Ruler of Dubai, 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, and Economic Zones World, a free zone operator which owns both JAFZ and Techno Park in Dubai (see "*Dubai Financial Support Fund – Dubai World Restructuring*" below).

DREC was established in June 2007 by the Ruler of Dubai to hold and manage commercial real estate properties registered in the name of the Government and its various departments. DREC's mandate extends to building, marketing and management, investing in and utilisation of commercial and industrial lands and properties. In June 2011, ownership of DREC, which was previously a subsidiary of ICD, was transferred directly to the Government pursuant to Law No. 11 of 2011. DREC's assets include Wasl Hospitality, Hyatt Regency Dubai, Grand Hyatt Dubai, Le Meridien Fairways, Le Meridien Dubai, The Westin Dubai Mena Seyahi, amongst other lands and properties.

Investment Corporation of Dubai

The following tables set out ICD's major holdings, both listed and unlisted, with their respective values.

ICD Portfolio of Listed Companies:

Name	Market Capitalisation	ICD / Government Ownership	ICD / Government Ownership Value
	(AED millions)[(1)]	*(per cent.)*	*(AED millions)*[(1)]
Emirates NBD PJSC	30,568	55.6	17,008
Emaar Properties PJSC	35,025	29.4	10,290
Dubai Islamic Bank PJSC	13,206	28.6	3,781
Commercial Bank of Dubai	8,153	20.0	1,631
Union National Bank	12,840	10.0	1,284
Dubai Investments PJSC	6,427	11.5	742
National Bank of Fujairah	4,400	9.8	430
Total[(2)]	**110,618**	N/A	**35,166**

Source: ICD

Note:

(1) These values reflect market capitalisation based on DFM/ADX quoted prices as at 31 August 2013.

(2) 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	Market Capitalisation	ICD / Government Ownership	ICD / Government Ownership Value
	(AED millions)	*(per cent.)*	*(AED millions)*
Emirates Group (includes DNATA)[(1)]	27,423	100	27,423
Dubai Aluminum Company Limited[(1)]	22,268	100	22,268
Emirates National Oil Company[(1)]	17,126	100	17,126
Borse Dubai[(2)]	9,254	90	8,303
Dubai World Trade Centre[(2)]	7,882	100	7,882
Dubai Duty Free Establishment[(2)]	5,786	100	5,786
Dubai Airport Free Zone Authority[(2)]	3,612	100	3,612
Dubai Silicon Oasis[(2)]	2,773	100	2,773
Dubai Cable Company Limited[(3)]	1,720	50	860
Total[(5)]	**97,844**	N/A	**96,033**

Source: ICD

Note:

(1) These figures reflect the net equity value based on reviewed financial statements as at 30 June 2013.

(2) These figures reflect the net equity value based on management accounts as at 30 June 2013.

(3) These figures reflect the net equity value based on audited financial statements as at 31 December 2012.

(4) 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.

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

As at 31 August 2013, ICD had outstanding indebtedness of AED 13,470 million (at holding company level only), which is due to mature in 2016 and 2017. The Government has not provided any guarantees and does not have any other contingent liabilities in respect of this indebtedness.

Major ICD Investments

*Emirates NBD PJSC (**ENBD**)*

ENBD is the result of a merger in October 2007 between Emirates Bank International and National Bank of Dubai. ENBD is one of the largest banking groups in the Middle East in terms of assets with AED 308.3 billion in total assets as at 31 December 2012. It is also a leading retail banking franchise in the UAE with 100 branches and over 556 automatic teller machines spread across the UAE as at 31 December 2012.

In October 2011, pursuant to the directions of the Ruler of Dubai, ENBD acquired a 100 per cent. stake in Dubai Bank. This acquisition was fully supported by the UAE Central Bank and the UAE Ministry of Finance. Following the acquisition, Dubai Bank became a fully-owned Islamic banking subsidiary of ENBD. In April 2012 Dubai Bank and another subsidiary of ENBD, Emirates Islamic Bank (**EIB**), announced that they had merged their management teams and established a unified executive committee to manage both banks. During 2012, Dubai Bank's portfolio, customers and branches were migrated to EIB, and the rebranding of the Dubai Bank branches and ATMs to the EIB brand was completed by the end of 2012, resulting in the creation of the third largest Islamic bank in the UAE by assets and branches.

Emaar Properties PJSC

Emaar is one of the world's largest real estate companies. Emaar is listed on the DFM and is part of the Dow Jones Arabia Titans 50 Index, which is an index maintained by Dow Jones and measures 50 leading stocks traded on the major exchanges in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Tunisia and the UAE.

With six business segments and more than 60 active companies, Emaar has a collective presence in markets spanning the Middle East, North Africa, Asia, Europe and North America regions. Emaar has established operations in the UAE, Saudi Arabia, Syria, Jordan, Lebanon, Egypt, Morocco, India, Pakistan, Turkey, China, USA, Canada and the United Kingdom. In addition to its property development business, Emaar is developing new competencies in hospitality and leisure, malls, education, healthcare and other business segments.

Dubai Aluminium Company Limited

DUBAL produces aluminium and operates the largest single-site smelting facility in the world, built on a 480-hectare site in Jebel Ali, which has the capacity to produce more than one million metric tonnes of high quality finished aluminium products per year. More than 92 per cent. of DUBAL's total production is exported to global markets. More than 300 customers are served in over 50 countries, with key markets including the Far East, Europe, South-East Asia, the Middle East, the Mediterranean region and North America. In June 2013, ICD and Mubadala announced the merger of DUBAL and EMAL to form Emirates Global Aluminium, an equal ownership joint-venture company between ICD and Mubadala. Emirates Global Aluminium is expected to commence operations in the first half of 2014.

Emirates Group

Emirates is the flagship company in the Emirates Group portfolio. Emirates has grown from two aircraft in 1985 to 205 aircraft as at September 2013, and has evolved into a travel and tourism operation on a global scale under the umbrella of the Emirates Group. As at September 2013, Emirates flies to 134 destinations in 74 countries. The Emirates Group portfolio includes DNATA, a supplier of air travel services, Emirates SkyCargo, Emirates Hotels and Resorts, Skywards and Emirates Aviation College. In total there are more than 50 business units within the Emirates Group, which employs nearly 68,000 people.

*Dubai Duty Free (**DDF**)*

DDF is Dubai International Airport's sole and exclusive duty free operator. Established in 1983, DDF has since become the single largest airport retail operation in the world in terms of turnover, with annual sales of AED 5.9 billion (approximately U.S.$1.6 billion) in 2012. DDF offers a wide range of products in a modern shopping environment. DDF occupies 26,000 square meters across the three terminals of Dubai International Airport, increased from 16,000 square meters following the opening of the third concourse in January 2013. DDF employs over 5,200 people and includes more than 109 stores.

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 square metres of land in Jebel Ali, Dubai and nearly 330,000 square metres 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. DUCAB has also entered into a joint venture with DEWA and ADWEA known as DUCAB-HV, which manufactures high voltage cables from a dedicated facility which began operations in November 2011.

Dubai Financial Support Fund

Establishment and Capitalisation of the Dubai Financial Support Fund

In response to the significant deterioration in the global and local financial markets during 2008 and into 2009, the Government established the Dubai Financial Support Fund (the DFSF). The DFSF was established as an autonomous entity to provide support to strategic entities which require financial assistance but are able to demonstrate sustainable business plans, ongoing support of their existing financial creditors and realistic prospects of fulfilling their repayment obligations. Assistance provided by the DFSF is provided on arm's length terms. The DFSF's specific objectives are:

- to provide financial support to strategic projects and development projects in the emirate;
- to provide liquidity for strategic projects in the emirate;
- to hold, manage and invest in debt instruments on behalf of the Government; and ·
- to collect and re-invest revenues of loan instruments.

The DFSF was established in July 2009 by Law No. 24 of 2009, is affiliated to the DoF and is accountable to the SFC. The DFSF is governed by a board of directors that is appointed by the Ruler of Dubai for a renewable term of three years. The board of directors is headed by the appointed chairman, who currently also holds the position of the Director General of the DoF and the operational management and day-to-day activities of the DFSF 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 financing, including any provided by the DFSF, will be serviced and repaid. Independent investment professionals are appointed by the DFSF and are expected to 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 to agree revisions where necessary. On the basis of this due diligence, the independent investment professionals make recommendations to the management of the DFSF 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 may 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 of directors of the DFSF, 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 DFSF has been capitalised through the proceeds of the Government's U.S.$20 billion five-year unsecured borrowing programme launched in March 2009. See "*Indebtedness – Related Party Debt*" for further details.

The Government does not publish any official estimates of any outstanding GRE indebtedness. The 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 Government considers to be strategically important becomes unable or potentially unable to fulfil its financial obligations, the relevant GRE may choose to apply to the DFSF for assistance. The Government is under no obligation to extend support to any such GRE either directly or through the DFSF. To date, the principal beneficiaries of DFSF funding have been Dubai World and Nakheel as described below (see "*The Government's Support of Strategic Government-Related Entities and the Restructuring of the Dubai World Group*").

In March 2011, Law No. 24 of 2009 was amended to ensure that any entities applying for financial support from the DFSF must provide real security and financial guarantees that secure the performance of their obligations towards the DFSF. This security and these guarantees are required to have real value and must be enforceable upon demand by the DFSF. In addition to this, the SFC may, where it is in public interest, convert the financial rights of the DFSF into shares of, and obtain assets from, a borrowing entity as security for its financial obligations to the DFSF. In addition, the amendments also allow the DFSF to guarantee the performance of the obligations of the Government and non-government entities towards third parties.

The Government's Support of Strategic Government-Related Entities and the Restructuring of the Dubai World Group

The Government owns, or has significant investments in, GREs which have played a significant role in supporting and facilitating the Government's strategic development plan.

Certain GREs have incurred indebtedness, including indebtedness from international financial institutions and in the international capital markets. As a result of the global financial crisis, sharp falls in international oil and gas prices, financial sector instability, limited access to credit and the significant decline in real estate values, both globally and in Dubai and the UAE, certain GREs have suffered from asset value deterioration, limited cash flow and a lack of liquidity. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government announced its intention to support certain entities in order to maintain stability in the UAE economy, the banking system and investor confidence. The main steps taken by the Government in relation to Dubai World and certain of its subsidiaries (the **Dubai World Group**) are set out below:

Decree No. 57 of 2009 Relating to any Future Restructuring of Dubai World and its Subsidiaries

In December 2009, the Ruler of Dubai issued Decree No. 57 for 2009 establishing a special tribunal (the **Tribunal**) to decide disputes related to the settlement of the financial position of Dubai World and its subsidiaries. Decree No. 57 was intended to facilitate the restructuring of a Dubai World Group company by allowing that company to continue to manage its own affairs under the supervision of a judicial tribunal and pursue a restructuring through a procedure known as a "voluntary arrangement". The Tribunal is empowered to supervise a voluntary arrangement or any liquidation proceedings relating to a Dubai World Group company initiated by the Tribunal. The Tribunal presently consists of four senior judges of the DIFC Courts. Even though the Tribunal consists of judges from the DIFC Courts, the Tribunal is not a DIFC Court. Decree No. 57 adopts, with modifications, the insolvency laws and regulations of the DIFC as the basic legal framework for its law.

In August 2012, the Tribunal formally approved the restructuring of approximately U.S.$2 billion of debt of Drydocks World LLC and Drydocks World – Dubai LLC (together, **Drydocks**) under a new syndicated term loan facility and separate hedging agreements. The restructuring was implemented with the support of all but one of Drydocks' creditors, with the sole dissenting creditor representing approximately 2 per cent. of total claims.

DFSF Interim Funding of the Dubai World Group

In December 2009, the Government of Abu Dhabi agreed to provide funding of up to U.S.$10 billion to the DFSF (see "*Indebtedness – Related Party Debt*") to satisfy a series of obligations of the Dubai World Group, including: (i) the repayment in 2009 of a U.S.$4.1 billion *Sukuk* issued by Nakheel Development Limited; (ii) interest and Dubai World Group's working capital expenses through 30 April 2010; and (iii) the satisfaction of the Dubai World Group's obligations to existing trade creditors and contractors.

Dubai World Restructuring

In March 2011, the restructuring of the indebtedness of the Dubai World Group was completed. Dubai World's post-restructuring financial indebtedness was approximately U.S.$14.4 billion in total, comprising two tranches of U.S.$4.4 billion and approximately U.S.$10.0 billion, with five- and eight-year maturities, respectively. The Government had agreed to (i) recapitalise Dubai World through the equitisation of the U.S.$8.9 billion debt owed by Dubai World to the DFSF; (ii) commit up to a further U.S.$1.5 billion in new funds (of which U.S.$900 million had been provided as at 30 September 2013); and (iii) provide a stop-loss guarantee of U.S.$2.2 billion in respect of certain of Dubai World's post restructuring financial indebtedness.

Nakheel Restructuring

The restructuring of certain existing indebtedness of Nakheel and certain of its subsidiaries was implemented in August 2011 on a contractual basis through binding agreements with Nakheel's creditors. Facilities relating to Nakheel's existing indebtedness were amended and restated, or otherwise terminated on commercial terms. The claims of trade creditors and customers were addressed in the manner described below. The Nakheel restructuring caused trade and financial claims against Nakheel to be reduced from AED 59.32 billion to AED 17.61 billion as a result of a substantial recapitalisation of the business through the injection of AED 26.78 billion of new capital and the equitisation of existing claims by the Government through the DFSF.

Trade Creditors

Holders of unsecured trade claims against Nakheel that arose under certain contractor, consultancy and supplier contracts received an initial upfront cash payment equal to the lesser of: (i) AED 500,000; and (ii) the amount of their trade claims. Subject to the initial upfront cash payment and provided that certain terms and conditions were satisfied, trade creditors with trade claims in excess of AED 500,000 received a cash payment from Nakheel in an amount equal to 40 per cent. of the outstanding balance of their agreed claim. The remaining 60 per cent. of the outstanding balance was settled by an issuance to trade creditors of trust certificates maturing in August 2016 under Anka'a Sukuk Limited's AED 8.5 billion trust certificate issuance programme. In March 2013, Anka'a Sukuk Limited issued the fourth tranche under the programme, under which approximately AED 4.3 billion of trust certificates were outstanding in aggregate as at 30 September 2013.

Customers

Nakheel continues to offer its customers that remain invested in suspended, cancelled and longer-term projects the option of receiving an assignable credit (equivalent to 100 per cent. of their instalment payments) and the option to exchange their unit in such projects for a unit in an ongoing project at current market values. Those customers invested in suspended, cancelled and longer-term projects that do not want to exchange their unit for a unit in a project nearing completion will either move onto a revised payment schedule in respect of their unit, or hold their assignable credit until 31 March 2015. Nakheel's customers may also to exchange their credit during this period for property in a near-term project. Customers still holding credits on 31 March 2015 will be given cash equal to the face value of that credit.

Nakheel Separation

The Nakheel restructuring involved the separation of the Nakheel Group (and any assets deemed to be material to the operation of the Nakheel Group) from the rest of the Dubai World Group. As such, all the existing shares of the Nakheel Holdings Companies were directly or indirectly transferred and delivered to the DFSF. In consideration for the delivery of such shares, the DFSF released Nakheel from all of its obligations and liabilities under the various support facilities extended to the Nakheel Group by the DFSF during the course of the Nakheel restructuring.

Ongoing Equity Contribution Agreement

The DFSF has, pursuant to an ongoing equity contribution agreement entered into between, amongst others, Nakheel and the DFSF, committed to investing AED 8.88 billion (U.S.$2.42 billion) across two tranches as equity into the Nakheel holding companies. This funding shall be used, amongst other things, to meet payments of interest/profit/rental, fees and debt service due in respect of the restated facilities, for distributions to trade creditors, to implement Nakheel's operational plan and for general corporate purposes and contingencies.

As at 30 September 2013, the total amount of funding invested by the DFSF (directly or indirectly) in Nakheel pursuant to the Nakheel restructuring was approximately AED 11.63 billion (U.S.$3.17 billion), from a total commitment of AED 26.78 billion (U.S.$7.30 billion).

Performance Guarantee

In addition to the DFSF funding, the Government (acting through the DoF) provided a performance guarantee of Nakheel's post-restructuring obligations arising under an amended and restated *ijara* facility in an amount of U.S.$246 million which will mature in 2017.

Law No. 35 of 2009

In December 2009, the Ruler of Dubai issued Law No. 35 of 2009 ordering all government departments and GREs to transfer surplus revenue to the public treasury of the emirate of Dubai. Affected entities may, with the approval of the SFC and in coordination with ICD, re-invest profits and surplus revenues prior to relaying them to the public treasury. Full financial data on these profits and surpluses is required to be provided to the DoF. In September 2012, Law No. 35 of 2009 was amended by Law No. 5 of 2012, implementing new requirements for government departments and GREs that have financial autonomy and an independent budget.

INDEBTEDNESS

The public finances of the Government are cash based which results in temporary mismatches between revenues and expenses. The Government uses overdraft facilities from UAE banks to fund such shortfall and invests any temporary surplus in short-term deposits with UAE banks. All government entities must obtain approval from the SFC prior to borrowing from third parties. The SFC also has the right to permit entities to borrow on their own credit strength or with the support of an explicit government guarantee (see "*Emirate of Dubai – SFC*").

Other than such overdraft facilities, the aggregate direct debt of the Government was AED 106.6 billion as at 30 September 2013. This debt includes funds borrowed by the 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 Dubai; and (iv) related party debt from the Abu Dhabi Government and the Central Bank of the UAE for the DFSF and the restructuring of the Dubai World Group.

The Government also has contingent liabilities under guarantees incurred by it (see "*Guarantees and Contingent Obligations*" below).

The following table sets out a breakdown of the Government's outstanding direct debt:

Description	**Amount (AED millions)[(1)]**	**Maturity**
Dubai DoF Sukuk (Unrated)	7,091.25	2014
Euro Medium Term Notes (Unrated)	1,836.50	2015
Dubai DoF Wakala Sukuk (Unrated)	3,673.00	2016
Euro Medium Term Notes (Unrated)	2,754.75	2020
Euro Medium Term Notes (Unrated)	1,836.50	2021[(2)]
Dubai DoF Sukuk (Unrated)	2,203.80	2017
Dubai DoF Sukuk (Unrated)	2,387.45	2022
Dubai DoF Sukuk (Unrated)	2,754.75	2023
Euro Medium Term Notes (Unrated)	1,836.50	2043
Bilateral / Syndicated Facilities		
Ijara Facility	375.00	2013/15
Term Loan Facility	934.28	2016
Govt of Dubai – DoF China Construction Bank Facility	3,712.46	2017
Others	1,770.00	2014/15/16/17/24
Related Party Debt (U.S.$20 billion facility)		
Govt of Dubai U.S.$10 billion Notes	36,730.00	2014
DoF – Abu Dhabi U.S.$10 billion Facility (fully drawn)	36,730.00	2014
Total Direct Debt	**106,626.24**	

Source: DoF

Note:

(1) Unless otherwise stated, the figures provided in this table are as at 30 September 2013.

(2) Investor put option on 22 June 2016.

All figures contained in this section are unaudited figures prepared by the DoF. Such figures are subject to change once the consolidated government accounts for the year ended 31 December 2013 are audited.

Euro Medium Term Note Programme

In April 2008, the Government, acting through the DoF, established a Euro Medium Term Note Programme (the **EMTN Programme**) with the maximum aggregate nominal value of notes issuable thereunder being AED 15 billion. The programme was, at the time of its establishment in April 2008, also listed on the London Stock Exchange in addition to the DFM.

In September 2010, the Government issued under the EMTN programme (i) U.S.$500 million fixed-rate notes, with a five-year tenor and a coupon of 6.70 per cent. (paid semi-annually in arrear) maturing on 5 October 2015 and (ii) U.S.$750 million fixed-rate notes, with a 10-year tenor and a coupon of 7.75 per cent. (paid semi-annually in arrear) maturing on 5 October 2020.

The EMTN Programme was updated in June 2011, at which time the aggregate nominal value of the notes issuable under the EMTN Programme was increased to U.S.$5 billion. In June 2011, the Government issued U.S.$500 million fixed-rate notes under the EMTN Programme with a 10-year tenor. The notes were issued at a coupon of 5.591 per cent. (paid semi-annually in arrear) maturing on 22 June 2021, with an investor put option on 22 June 2016.

The EMTN Programme was updated in January 2013, at which time the EMTN Programme was sole listed on the DFM. In January 2013, the Government issued U.S.$500 million fixed-rate notes under the EMTN Programme with a 30-year tenor. The notes were issued at a coupon of 5.25 per cent. (paid semi-annually in arrear), maturing on 31 January 2043. The proceeds of the issuance was used to refinance notes previously issued under the EMTN Programme which matured in April 2013 and to fund the expansion of Dubai International Airport.

Trust Certificate Issuance Programme

In October 2009, the Government, through a special purpose entity incorporated in the Cayman Islands named Dubai DOF Sukuk Limited, announced the establishment of a U.S.$2.5 billion Trust Certificate Issuance Programme (the **Trust Certificate Issuance Programme**). The Trust Certificate Issuance Programme was, at the time of its establishment in October 2009, listed on the London Stock Exchange and the DFM.

Under the Trust Certificate Issuance Programme, in 2009 the Government issued (i) U.S.$1.25 billion fixed-rate certificates and (ii) AED 2.5 billion floating-rate certificates, each with a maturity of five years. The fixed-rate certificates carry a profit rate of 6.396 per cent. (paid semi-annually in arrear) and the floating-rate certificates carry a profit rate of three month EIBOR + 3.70 per cent. (paid quarterly in arrear). Each of these series of certificates matures on 3 November 2014. The proceeds of the issuance described above under the Trust Certificate Issuance Programme were primarily used to fund the expansion of Dubai International Airport and to refinance the existing Dubai Civil Aviation *Sukuk* issued in 2004.

In March 2011, the Government, through a special purpose entity incorporated in the Dubai Airport Free Zone known as "Dubai DOF Wakala Sukuk 1 SPV FZE", established a U.S.$1.0 billion Wakala Trust Certificate Issuance Programme. Under this Programme, in March 2011, the Government issued U.S.$569 million fixed-rate certificates maturing on 7 March 2016 carrying a profit rate of 6 per cent. (paid semi-annually in arrear). Subsequently, in October 2011, the Government issued under this Programme U.S.$431 million floating-rate certificates maturing on 25 October 2016, carrying a profit rate of three-month LIBOR + 3.75 per cent. (paid quarterly in arrear). The proceeds of both issuances were used to fund the expansion of Dubai International Airport.

The Trust Certificate Issuance Programme was updated in April 2012, at which time the aggregate nominal value of the certificates issuable under the Trust Certificate Issuance Programme was increased to U.S.$5 billion. The Trust Certificate Issuance Programme was sole-listed on the DFM. In May 2012 the Government issued under the Trust Certificate Issuance Programme (i) U.S.$600 million fixed rate certificates, with a five year tenor and a profit rate of 4.90 per cent. (paid semi-annually in arrear) maturing on 2 May 2017 and (ii) U.S.$650 million fixed rate trust certificates, with a ten-year tenor and a profit rate of 6.45 per cent. (paid semi-annually in arrear) maturing on 2 May 2022. The proceeds of both issuances were used to fund the expansion of Dubai International Airport and for repayment of other liabilities.

The Trust Certificate Issuance Programme was updated in January 2013 and the Government issued U.S.$750 million fixed rate certificates, with a ten-year tenor and a profit rate of 3.875 per cent. (paid semi-annually in arrear) maturing on 31 January 2023. The proceeds of the issuance was used to refinance notes previously issued under the EMTN Programme which matured in April 2013 and to fund the expansion of Dubai International Airport.

Bilateral and Syndicated Facilities

In March 2010, the DoF entered into an AED 1 billion *ijara* facility. This facility is being repaid in 48 equal monthly instalments, the last of which falls due in April 2015, after a moratorium on payments for a period of 12 months. As at 30 September 2013, AED 375.0 million was outstanding under this facility.

In March 2010, as part of the Dubai World Group restructuring plan, the Government became the obligor under a U.S.$1.01 billion bilateral facility, which was previously the obligation of the Ports, Customs and Free Zone Corporation. This facility is due to mature in March 2017.

In February 2012, the DFSF entered into an AED 934 million bilateral term loan facility. The term loan facility is expected to be repaid in full by way of a single instalment in December 2016.

In December 2012, the DFSF entered into an AED 734 million bilateral *wakala* facility. This facility will be repaid in 16 equal quarterly instalments, the last of which is due in December 2017.

Export Credit Facilities

On 27 February 2012, the DoF entered into a facilities agreement with a consortium of banks, consisting of a U.S.$401 million conventional facility supported by comprehensive guarantees from the French export credit agency, Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE) and the Belgian export credit agency, Office National du Ducroire (ONDD), amortising over 10 years commencing in 2015. The facilities also consisted of a six-year U.S.$274 million *ijara* facility, split equally between U.S.$ and AED, amortising over three years commencing in 2015 and to be drawn down over a period of 36 months commencing from March 2012. As at 30 September 2013, U.S.$152 million was outstanding under the *ijara* facility and U.S.$130 million under the export credit agency facility.

Related Party Debt – Abu Dhabi Government and the Central Bank of the UAE (U.S.$20 billion facility)

Subsequent to the establishment of the DFSF in July 2009, the DFSF was capitalised through the proceeds of a U.S.$10 billion bond issued by the Government, which was subscribed by the UAE Central Bank (the **DFSF Bond**). The five-year unsecured DFSF bond pays a fixed return of 4 per cent. per annum or the five-year U.S. Treasury rate + 0.10 per cent. per annum, whichever is higher (payable quarterly in arrear). From November 2009 to date, the Government of Abu Dhabi, National Bank of Abu Dhabi and Al Hilal Bank have collectively subscribed for additional bonds in the sum of U.S.$10 billion in aggregate on similar terms.

Guarantees and Contingent Obligations

In addition to its direct debt, the Government has also provided guarantees amounting to AED 11.02 billion in relation to the financial obligations of DEWA (see "*Economy of Dubai – Energy*") under its securitisation programme. As at 31 August 2013, AED 900 million was outstanding under DEWA's securitisation programme.

For a description of the Government's obligations under the shortfall guarantee of U.S.$2.2 billion relating to the restructuring of Dubai World, see "*Dubai World Restructuring*".

For a description of the Government's obligations under the performance guarantee of approximately U.S.$246 million relating to the restructuring of one of Nakheel's outstanding debt facilities, see "*Public Finance – Nakheel Restructuring – Performance Guarantee*".

The Government has provided a guarantee for an amount of approximately AED 10.11 billion in support of the RTA's obligations to contractors. As at 30 September 2013, AED 4.61 billion was outstanding under such agreements, see "*Dubai Metro and Al Sufouh Tramway*".

The Government has also provided guarantees for AED 2.0 billion in support of the potential liabilities of other entities.

The RTA, in conjunction with the DoF, entered into a dual tranche (conventional and Islamic) secured syndicated financing under which a government-owned, DIFC-incorporated special purpose company, Salik One SPC Limited, became the obligor under a facility which monetised the revenues generated by the Salik toll system operated by the RTA. The Government has contingent obligations in relation to the financial obligations incurred by Salik One SPC Limited, in specific circumstances including change of control of Salik One SPC Limited, suspension or abandonment of the Salik toll system or extended force majeure in respect of the Salik toll system. As at 30 September 2013, AED 1.99 billion was outstanding under this monetisation facility.

Pursuant to a deed of undertaking and subordination entered into in June 2012 between the DoF, DIFC Investments LLC and ENBD, the DoF is obliged to provide to DIFC Investments LLC liquidity support with a five-year tenor. As at 30 September 2013, the maximum amount of such liquidity support stands at U.S.$400 million. This liquidity support has not yet been drawn.

Other than the guarantees and contingent obligations disclosed above, the Government has not guaranteed the obligations of any third parties.

Debt Management Office

In May 2010, the Government announced plans to set up a debt management office (the **DMO**), in line with similar steps being taken to set up a federal debt management office by the government of the UAE. Once formed, the purpose of the DMO, inter alia, will be to establish the bases governing public debt issuance, follow prudent policies on debt risk management and reduce costs of borrowing. The DMO is expected to be part of the DoF.

RULES FOR LISTING SUKUK ON THE DUBAI FINANCIAL MARKET

Regulatory Framework

The Securities and Commodities Authority (**SCA**) was established by Federal Law No. (4) of 2000. SCA is based in Abu Dhabi and is responsible for regulating the UAE capital markets and overseeing and supervising the work of the secondary securities markets, including DFM - Dubai's stock exchange, its members, listed firms, investors and other intermediaries.

DFM was established as a public institution having its own corporate identity by Resolution of the Ministry of Economy No. 14 of 2000. Pursuant to a Decree of the Dubai Executive Council dated 27 December 2005, the corporate status of DFM was established as a Public Joint Stock Company. It operates as a market for the listing and trading of shares, bonds, sukuk and investment units. With SCA approval, DFM also accepts foreign securities.

In order to maintain a fair, efficient, liquid and transparent market, DFM conducts regular inspections of member firms and other market participants. DFM is responsible for listed company compliance and market surveillance of trading activity to ensure that rules and regulations are adhered to.

DFM Trading Services

DFM operates an automated, screen-based order-driven trading system that matches buy and sell orders. The system also generates and displays details of current and historical trading activity, including prices, volumes traded and outstanding buy and sell orders.

The trading and clearing and settlement systems are linked, which ensures the immediate transfer of securities once a transaction takes place. This enables buyers to sell their securities during the same trading session.

Listing of Sukuk with DFM

In principle, before a United Arab Emirates-based obligor can list sukuk with DFM, it must first apply for approval by SCA. DFM can help facilitate this process.

Listing Requirements

In order to obtain the approval from SCA referred to above, an obligor must produce a prospectus. The prospectus should contain such information as is necessary for potential investors to make an informed assessment of the obligor and its securities. The prospectus should cover, at a minimum: the obligor's business activities, its financial position, management strength and future prospects and full details of the issue and the rights attaching to the securities.

The obligor must also obtain a prior approval from the Ministry of Economy (for UAE companies), or that of the UAE Central Bank (for UAE establishments other than companies). The Government is not required to obtain either of these approvals.

Commencement of Trading

Once approval to list is granted by the SCA and DFM, the relevant securities are admitted for trading. The securities are then quoted and may only be traded on DFM through registered brokers, who charge commissions with a maximum specified by SCA. Payment of the amounts due arising from buying and selling orders are governed by agreements between the broker and client, in accordance with DFM rules and regulations. Funds arising from selling securities are paid to the investor within 24 hours of receiving the investor payment order or as agreed.

Further Information

Further information on DFM and its member brokers may be obtained from the DFM website: www.dfm.ae. Investors also have access to the DFM Help Desk at the offices of DFM, which provides guidance and information on all areas related to DFM.

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 was entered into on 28 October 2013 between Dubai DOF Sukuk Limited (in its capacity as Purchaser) and the Government (in its capacity as Seller) and is 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 the first Tranche 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.

Lease Agreement

The Master Lease Agreement was entered into on 28 October 2013 between the Government (in its capacity as Lessee), Dubai DOF Sukuk Limited (in its capacity as Lessor) and the Delegate and is 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 Tranche 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 Lease Assets identified in each Supplemental Lease Agreement 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 Trust Deed), the Lessee will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**), other than a Permitted 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 Trust Deed) of the Certificateholders or by the Delegate.

For this purpose:

Financially Independent Entity means (i) any governmental entity that is deemed as having financial independence in accordance with Article (5) of Law No. 35 of 2009 Concerning the Management of the Public Assets of the Government of Dubai, and (ii) each of the Roads and Transport Authority, Dubai Airports, Dubai Electricity and Water Authority, Investment Corporation of Dubai, Department of Petroleum Affairs and the Dubai Financial Support Fund and any entity that is a successor thereto;

Non-Recourse Project Financing means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that (i) any Security Interest given by the Government is limited solely to assets of the project, (ii) the person or persons providing such financing expressly agrees to limit their recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced and (iii) there is no other recourse to the Government in respect of any default by any person under the financing;

Permitted Security Interest means:

(a) any Security Interest created or granted by any Financially Independent Entity;

(b) any Security Interest created or granted by the Government in relation to assets operated by any Financially Independent Entity;

(c) any Security Interest created or granted by the Government in relation to revenue generated or collected by any Financially Independent Entity;

(d) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the first Series of the Trust Certificates;

(e) any Security Interest existing on any property or assets prior to the acquisition thereof by the Government and not created in contemplation of such acquisition; and

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

Relevant Indebtedness means any indebtedness, other than indebtedness incurred in connection with Non-Recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, certificates, bonds, notes, debentures or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

Relevant 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; and

Securitisation means any securitisation (Islamic or otherwise) of existing or future assets and/or revenues, provided that (i) any Security Interest given by the Government in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Government in respect of any default by any person under the securitisation.

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 2013 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 Tranche and will also be governed by English law.

Upon issue of the Global Trust Certificate initially representing any Series, the Master Trust Deed and each 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 certain 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;

(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;

(v) the Issuer may from time to time, without the consent of the Certificateholders, create and issue further trust certificates ranking *pari passu* in all respects (or in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the Issue Price(s) with respect thereto), and so that the same shall be consolidated and form a single series, with the Trust Certificates of such Series, and that any further trust certificates which are to be created and issued so as to form a single series with the Trust Certificates of a particular Series shall be constituted by a trust deed supplemental to the Master Trust Deed; and

(vi) on the date upon which any further Trust Certificates are created and issued pursuant to the provisions described in paragraph (v) above, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such further trust certificates so created and issued, declaring that the relevant Further Assets and the Lease Assets in respect of the relevant Series as in existence immediately prior to the creation and issue of the Further Trust Certificates are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such further trust certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

Purchase Undertaking

The Master Purchase Undertaking was executed as a deed on 28 October 2013 by the Obligor in favour of Dubai DOF Sukuk Limited as trustee for the Certificateholders and the Delegate and is governed by English law. A Supplemental Purchase Undertaking executed by the Obligor will be entered into on the Issue Date of the first Tranche 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 Maturity 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 was executed as a deed on 28 October 2013 by Dubai DOF Sukuk Limited as trustee for the Certificateholders in favour of the Government and is governed by English law. A Supplemental Sale Undertaking executed by the Dubai DOF Sukuk Limited will be entered into on the Issue Date of the first Tranche 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 was entered into on 28 October 2013 by the Government, as Servicing Agent, and Dubai DOF Sukuk Limited, as Lessor, and is governed by English law. A Supplemental Servicing Agency Agreement between the same parties will be entered into on the Issue Date of the first Tranche 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 and Purchase of Assets Undertaking

The Master Substitution and Purchase of Assets Undertaking was executed as a deed on 28 October 2013 by Dubai DOF Sukuk Limited and is governed by English law. A Supplemental Substitution and Purchase of Assets Undertaking executed by Dubai DOF Sukuk Limited will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by English law.

Pursuant to the Substitution and Purchase of Assets Undertaking, Dubai DOF Sukuk Limited has granted to the Government the right to require Dubai DOF Sukuk Limited to (i) 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 and/or (ii) in connection with the exercise by the Issuer of its rights under Condition 19, purchase all of the Government's, or as the case may be, the applicable seller entity's, rights, title, interests, benefits and entitlements in and to the Further Assets in consideration for the payment by Dubai DOF Sukuk Limited to the Government of the proceeds of the related issuance of Trust Certificates as the purchase price therefor. The substitution of the Substituted 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 and Purchase of Assets Undertaking) by Dubai DOF Sukuk Limited and the Government entering into a sale agreement and the relevant Lease Agreement being re-executed in the manner provided in the Substitution Notice. The purchase of the relevant Further Assets will become effective on the Further Assets Purchase Date (as specified in the Further Assets Notice to be delivered by the Government in accordance with the Substitution and Purchase of Assets Undertaking and being the date upon which the relevant sale agreement described below is entered into) by Dubai DOF Sukuk Limited, the Government and (if applicable) the relevant seller entity entering into a sale agreement and the relevant Lease Agreement being re-executed in the manner provided in the Further Assets Notice. Each sale agreement entered into upon such substitution or (as applicable) purchase will (i) (in the case of a substitution) effect the transfer of ownership rights in the Substituted Assets from Dubai DOF Sukuk Limited to the Government and (ii) effect the transfer of ownership rights in the New Assets or (as applicable) Further Assets from the Government (or, in the case of a purchase, the applicable seller entity where relevant) to Dubai DOF Sukuk Limited and (a) (in the case of a substitution) the Substitution Notice will provide that the New Assets and any relevant Lease Assets not replaced and/or (b) (in the case of a purchase) the Further Assets Notice will provide that the existing Lease Assets and the Further Assets, will in each case be leased to the Lessee under the new Lease Agreement.

Costs Undertaking

The Costs Undertaking was executed as a deed on 28 October 2013 by the Government acting in its personal capacity and on a voluntary basis in favour of, among others, the Delegate and the Agents and is 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 obtained 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 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.$854 (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. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

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

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Trust Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it could apply to certain dealings in Trust Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Trust Certificates are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated on or around 28 October 2013, 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 nor any state securities law 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 of the Securities Act. 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.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Trust Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Trust Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) 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, the Government 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 for Trust Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression

Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

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

(a) in relation to any Trust Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Trust Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Trust Certificates would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated 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

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

Kingdom of 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 or sold, and will not offer or sell, any Trust Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

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 in 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) an "Exempt Offer" in accordance with the Markets 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 Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**). 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 (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA 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.

Kingdom of 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 a private placement under Article 10 and/or 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 and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Trust Certificates will not be directed at more than 60 Saudi Investors (excluding "Sophisticated Investors" (as defined in Article 10 of the KSA Regulations)) and the minimum amount payable per Saudi Investor (excluding Sophisticated Investors) will be not less than Saudi Riyal (**SR**) 1 million or an equivalent amount.

Each offer of Trust Certificates shall not therefore constitute a "public offer" 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 private placement under Article 10 and/or Article 11 of the KSA Regulations 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.

Qatar (excluding the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Trust Certificates in the State of Qatar, except (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

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.

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 Tranche, 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 Subscription Agreement or Confirmation Letter, as relevant.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Trust Certificates thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 14 October 2009. The 2013 update of the Programme and the issue of Trust Certificates thereunder has been duly authorised by a resolution of the Board of Directors of the Issuer dated 24 October 2013. 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 in relation to the establishment of the Programme was duly authorised by the Supreme Fiscal Committee (a Dubai Government department established by Decree No. 24 of 2007 of the Ruler of Dubai) of the Government on 20 October 2009. Supplemental authorisations were issued by the Supreme Fiscal Committee on 28 October 2009, 11 April 2012 and 13 January 2013. The entry into the Transaction Documents in relation to the current update of the Programme was authorised by the Supreme Fiscal Committee on 9 September 2013.

Listing

Application has 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 SCA, 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 and Purchase of Assets Undertaking in relation to each Tranche (save that any such documents relating to a Tranche 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 106);

(d) this Base Prospectus;

(e) any future offering circulars, prospectuses, information memoranda, supplements and 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 any exchange and subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document) if required by such exchange.

The Base Prospectus and the applicable Final Terms for each Tranche that is: (i) listed on the DFM Official List and admitted to trading on the DFM, will be published on the DFM website; and (ii) listed or traded on any other exchange, will be published in accordance with the requirements of such other exchange.

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 Tranche 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 2012.

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 Base Prospectus 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 Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Government.

Auditors

The Issuer's financial year ends on 31 December in each year. 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 the Programme (as described in this Base Prospectus) has been approved by the HSBC Saudi Arabia Shariah Executive Committee and the Sharia Advisory Board of Dubai Islamic Bank PJSC, Dar Al Sharia. 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

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Department of Finance
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United Kingdom

PRINCIPAL PAYING AGENT AND CALCULATION AGENT

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