

## BASE PROSPECTUS



### EMIRATE OF ABU DHABI Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the **Programme**), the Emirate of Abu Dhabi (the **Issuer**) may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.**

This Base Prospectus has been approved as a base prospectus by the United Kingdom Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**) and Part VI of the Financial Services and Markets Act 2000, as amended (the **FSMA**). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

This Base Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the FCA and the London Stock Exchange.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and unless such offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See “*Form of the Notes*” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, and sales of such Registered Notes may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A see “*Subscription and Sale and Transfer and Selling Restrictions*”.

The Issuer has been rated AA by S&P Global Ratings Europe Limited (**S&P**), Aa2 by Moody’s Investors Service Singapore Pte. Ltd. (**Moody’s Singapore**) and AA by Fitch Ratings Limited (**Fitch**). Moody’s Singapore is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The rating assigned by Moody’s Singapore has been endorsed by Moody’s Investors Service Ltd. (**Moody’s**) in accordance with the CRA Regulation. Each of S&P, Moody’s and Fitch is established in the European Union and is registered under the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Series of Notes is rated, such rating will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts (if any) payable on Floating Rate Notes may be calculated by reference to LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR (ICE Benchmark Administration Limited) and EURIBOR (European Money Markets Institute) are included in European Securities and Markets Authority’s (**ESMA**) register of administrators under Article 36 of Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

#### *Arrangers and Dealers*

**BNP PARIBAS**

**Citigroup**

**First Abu Dhabi Bank**

**HSBC**

**J.P. Morgan**

**MUFG**

The date of this Base Prospectus is 23 September 2019.

**This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129, as amended.**

**The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus does not omit anything likely to affect the import of such information.**

**Certain information under the headings “Risk Factors”, “Overview of the Emirate of Abu Dhabi”, “Economy of Abu Dhabi”, “Balance of Payments and Foreign Trade”, “Monetary and Financial System” and “Book-Entry Clearance Systems” has been extracted from information provided by sources identified therein. These sources include the Organisation of the Petroleum Exporting Countries, the Abu Dhabi Department of Finance, the Statistics Centre – Abu Dhabi, the UAE Federal Competitiveness and Statistics Authority, the UAE Central Bank, Abu Dhabi National Oil Company, the Abu Dhabi Securities Exchange, the Department of Culture and Tourism, the Telecommunications Regulatory Authority, the Regulation and Supervision Bureau for the Water, Wastewater and Electricity Sector in the Emirate of Abu Dhabi, Etihad Airways PJSC and the clearing systems referred to in “Book-Entry Clearance Systems”. The Issuer 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 each of the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.**

**This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see “Documents Incorporated by Reference”). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.**

**Other than in relation to the documents which are deemed to be incorporated by reference (see “Documents Incorporated by Reference”), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the FCA.**

**The Arrangers and the Dealers have not 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 either of the Dealers or the Arrangers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Dealers or the Arrangers or any of their affiliates accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.**

**No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arrangers.**

**Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers or the Arrangers or any of their affiliates that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the geopolitical and economic circumstances relevant to the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers or the Arrangers or any of their affiliates to any person to subscribe for or to purchase any Notes.**

**Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at 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. Without limitation, the Dealers and the Arrangers expressly do not undertake to review the economic condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes 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 Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers, the Arrangers and their affiliates do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers, the Arrangers or any of their affiliates which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes 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 Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom), the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Bahrain, the Kingdom of Saudi Arabia and Japan, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

This Base Prospectus has been prepared on the basis that any Notes with a minimum denomination of less than €100,000 (or equivalent in another currency) will (i) only be admitted to trading on an EEA regulated market (as defined in MiFID II), or a specific segment of an EEA regulated market, to which only qualified investors (as defined in the Prospectus Regulation) can have access (in which case they shall not be offered or sold to non-qualified investors) or (ii) only be offered to the public in a member state of the EEA pursuant to an exemption under Article 1(4) of the Prospectus Regulation. Accordingly any person making or intending to make an offer of Notes in that member state may only do so in circumstances in which no obligation arises for the Issuer, any Arranger, any Dealer or any of their affiliates to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer, any Arranger, any Dealer nor any of their affiliates have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, any Arranger, any Dealer or any of their affiliates to publish or supplement a prospectus for such offer.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

None of the Dealers, any Arranger, any of their affiliates or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of any Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Prospectus. Any consents or approvals that are needed in order to purchase any Notes must be obtained prior to the deadline specified for any such consent or approval. The Issuer, the Arrangers, the Dealers and their affiliates are not responsible for compliance with these legal requirements. The appropriate characterisation of the Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase any Notes, is subject to significant interpretative uncertainties.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Product Classification pursuant to Section 309b of the Securities and Futures Act (Chapter 289 Of Singapore)** – The Final Terms in respect of any Notes may include a legend entitled "Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (as amended, the **SFA**). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

Unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: 5 Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## U.S. INFORMATION

**This Base Prospectus is being submitted on a confidential basis in the United States to QIBs (as defined under "Form of the Notes") for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.**

**The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.**

**Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on, and in accordance with, Rule 144A under the Securities Act (Rule 144A) or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.**

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together Legended Notes) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

#### SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a foreign sovereign state outside the United States and the United Kingdom, and a substantial portion of the assets of the Issuer are located outside the United States and the United Kingdom. As a result, it may not be possible for investors to effect service of process within the United States and/or the United Kingdom upon the Issuer or to enforce against it in the United States courts or courts located in the United Kingdom judgments obtained in United States courts or courts located in the United Kingdom, respectively, including judgments predicated upon the civil liability provisions of the securities laws of the United States or the securities laws of any state or territory within the United States. The Notes are governed by English law and disputes in respect of the Notes may be settled under the Arbitration Rules of the London Court of International Arbitration in London, England. In addition, actions in respect of the Notes may be brought in the English courts.

A substantial part of the Issuer’s assets are located in the Emirate of Abu Dhabi. In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the Abu Dhabi courts are unlikely to enforce a United States or English judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Notes. Investors may have difficulties in enforcing any United States or English judgments or arbitration awards against the Issuer in the courts of Abu Dhabi. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions. See “*Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme – Risks relating to enforcement*”.

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

In relation to investors in the Kingdom of Bahrain (Bahrain), Notes 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 Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes 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 Bahrain, other than to accredited investors for an offer outside 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 Notes to be offered for investment, whether in or outside 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 Notes will be made to the public in 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 THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

**The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.**

## **PRESENTATION OF STATISTICAL AND OTHER INFORMATION**

### **Presentation of Statistical Information**

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information (principally information relating to the balance of payments and information under the heading “*Monetary and Financial System*”) is only available on a federal basis relating to the entire UAE and prospective investors should treat it accordingly when considering such information, noting that the UAE is not an obligor of Notes, which are solely the obligations of Abu Dhabi. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. See “*Risk Factors—Factors that may Affect the Issuer’s Ability to Fulfil its Obligations under Notes Issued under the Programme—Statistical Information*”.

Efforts are being made by the UAE and its emirates to produce accurate and consistent social and economic data. For example, the UAE implemented the IMF’s Enhanced General Data Dissemination System in 2018 and has an ongoing project to improve its balance of payments statistics using SWIFT transactions data.

Nevertheless, there remain a number of limitations relating to the statistics included in this Base Prospectus. These include:

- the most recent UAE census for which data was published was conducted in 2005. Population data included in this Base Prospectus for later dates is either based on unpublished censuses (for example, a UAE census was held in 2011) or estimates based on such published or unpublished data;
- data in relation to Abu Dhabi’s gross domestic product (**GDP**) for 2018 is a preliminary estimate. GDP data for Abu Dhabi and the UAE for 2018 and prior years may be revised. For example, Abu Dhabi’s GDP data for all years shown in this Base Prospectus was restated following the elimination of the line item “imputed bank services” in 2016 and distribution of the related amounts to economic activities in accordance with the System of National Accounts 2008. In addition, real GDP data is calculated on the basis of constant hydrocarbon prices (in Abu Dhabi’s case, using 2007 prices) with a view to eliminating the effect of volatile price changes in hydrocarbon prices on real hydrocarbon GDP;
- Abu Dhabi’s quarterly GDP estimates for the first quarter of 2019 are seasonally adjusted. Seasonal adjustment of GDP is intended to allow a timely assessment of the current economic conditions and identification of turning points in the economy. In this Base Prospectus, GDP estimates for the first quarter of 2019, which are affected by seasonal factors, have been adjusted to remove the effects of these factors. Seasonal factors consist of events that are reasonably stable with respect to timing, direction and magnitude, such as higher temperatures during the summer which cause an increase in the use of chilled air and a corresponding increase in electricity consumption and production compared with the cooler months of the year. These regular and predictable changes in a time series recur every calendar year;
- in order to calculate GDP in Abu Dhabi, the financial data of companies operating across the UAE must be processed to reflect the production activity in Abu Dhabi only, which involves a high degree of estimation;
- data in relation to foreign direct investment (**FDI**) in Abu Dhabi for 2018 is not complete and the data that has been provided is preliminary. FDI data for 2018 and prior years may be revised;
- data in relation to the UAE’s balance of payments for 2018 is preliminary, and balance of payments for data for 2018 and prior years may be revised as updated data is received;

- data on trade flows into and out of Abu Dhabi and the UAE is not complete and is subject to revision, principally reflecting the operation of large free zones and, in the case of Abu Dhabi, the fact that trade flows between Abu Dhabi and its neighbouring emirate, Dubai, are not recorded. All such data for 2018 is preliminary and trade data for 2018 and prior years may be revised;
- Abu Dhabi's fiscal data for 2019 is a budget only and may be revised during the remainder of 2019. Actual outcomes may differ materially;
- Abu Dhabi does not currently prepare data on its gross external debt and international investment position due to capacity limitations;
- data for all years included in tables in this Base Prospectus may be revised in the future as a result of methodological changes implemented in the future. For example, in addition to the methodological changes affecting the GDP data included in this Base Prospectus described above, in 2016 there were changes made to the formulae used to calculate money supply indicators to comply with the recommendations of the IMF's technical assistance mission on monetary and financial statistics. Prior data presented has been restated to reflect these changes and Abu Dhabi's fiscal data contained in "*Public Finance*" has been re-presented to make the presentation more consistent with that provided to other bodies; and
- all other statistical data relating to Abu Dhabi in this Base Prospectus for 2018 and 2019 should be treated as preliminary and subject to revision.

#### **Certain Defined Terms and Conventions**

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, all references in this Base Prospectus to:

- **Abu Dhabi** are to the Emirate of Abu Dhabi;
- **government** are to the government of Abu Dhabi; and
- **UAE** are to the United Arab Emirates.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All references in this Base Prospectus to **U.S. dollars**, **U.S.\$** and **\$** refer to United States dollars and to **dirham** and **AED** refer to UAE dirham. 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. In addition, all references to **Sterling** and **£** refer to pounds sterling and 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.

References to a **billion** are to a thousand million.

#### **THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Overview of the Emirate of Abu Dhabi*", "*Economy of Abu Dhabi*", "*Balance of Payments and Foreign Trade*", "*Monetary and Financial System*", "*Public Finance*" and "*Indebtedness*" and other sections of this Base Prospectus. The Issuer has based these forward looking statements on its current view with respect to future events and financial results. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the uncertainties described below or otherwise identified in this Base Prospectus materialises, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, events relating to the Issuer and the Issuer's actual results may be materially different from those expected, estimated or predicted.

The uncertainties referred to above include, but are not limited to:

External factors, such as:

- the impact of changes in the international prices of commodities, including in particular the prices of crude oil and natural gas;
- interest rates in financial markets outside Abu Dhabi;
- geopolitical conditions and regional political developments, including conflicts in the Middle East;
- present and future exchange rates;
- the impact of changes in the credit rating of Abu Dhabi; and
- economic conditions in Abu Dhabi's major export markets.

Internal factors, such as:

- the volumes of crude oil and natural gas exported from Abu Dhabi;
- levels of government spending;
- domestic inflation;
- delays in projects and implementation of fiscal reform;
- changes in political, social, legal or economic conditions in the markets in the UAE;
- foreign currency reserves;
- natural disasters; and



- the levels of foreign direct and portfolio investment.

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over- allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## OVERVIEW OF THE PROGRAMME

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

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the Delegated Regulation).

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this overview.

<b>Issuer:</b> .....	Emirate of Abu Dhabi
<b>Legal entity identifier (LEI):</b> .....	213800FER4348CINTA77
<b>Risk Factors:</b> .....	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under “ <i>Risk Factors</i> ”.
<b>Description:</b> .....	Global Medium Term Note Programme
<b>Arrangers and Dealers:</b> .....	BNP Paribas Citigroup Global Markets Limited First Abu Dhabi Bank PJSC HSBC Bank plc J.P. Morgan Securities plc MUFG Securities EMEA plc  and any other Dealers appointed in accordance with the Programme Agreement from time to time.
<b>Certain Restrictions:</b> .....	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”) including the following restrictions applicable at the date of this Base Prospectus.  <b>Notes having a maturity of less than one year</b>  Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”.
<b>Principal Paying Agent, Exchange Agent and Transfer Agent:</b> .....	The Bank of New York Mellon, London Branch
<b>U.S. Paying Agent and Transfer Agent:</b> .....	The Bank of New York Mellon, New York Branch
<b>Registrar:</b> .....	The Bank of New York Mellon SA/NV, Luxembourg Branch
<b>Programme Size:</b> .....	The Programme is unlimited in amount.
<b>Distribution:</b> .....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

<b>Currencies:</b> .....	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
<b>Maturities:</b> .....	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b> .....	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b> .....	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Fixed Rate Notes:</b> .....	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b> .....	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p> <p>(b) on the basis of a reference rate set out in the applicable Final Terms.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on the Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
<b>Zero Coupon Notes:</b> .....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
<b>Redemption:</b> .....	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions: Notes having a maturity of less than one year</i>” above.</p>

<b>Denomination of Notes:</b> .....	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note 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 “ <i>Certain Restrictions: Notes having a maturity of less than one year</i> ” above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and in the case of any Legended Notes, the minimum specified denomination shall be U.S.\$200,000 (or its foreign currency equivalent).
<b>Taxation:</b> .....	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction in accordance with Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
<b>Negative Pledge:</b> .....	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
<b>Cross Default:</b> .....	The terms of the Notes will contain a cross default provision as further described in Condition 10.
<b>Status of the Notes:</b> .....	The Notes and any relative Coupons constitute (subject to Condition 4) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves and, subject to Condition 4, at all times rank at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due on the Notes and <i>vice versa</i> .
<b>Meetings of Noteholders, Modification and Waiver:</b> .....	<p>The terms of the Notes contain a “collective action” clause, which permits defined majorities to bind all Noteholders. If the Issuer issues debt securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Notes, the Notes would be capable of aggregation for voting purposes with any such debt securities, thereby allowing “cross-series” modifications to the terms and conditions of all affected Series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on).</p> <p>See Condition 15 and “<i>Risk Factors—Risks Related to Notes Generally—The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.</i>”</p>
<b>Rating:</b> .....	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
<b>Listing and Admission to Trading:</b> ....	Application has been made for Notes issued under the

	Programme to be admitted to the Official List and to trading on the London Stock Exchange's regulated market.
<b>Clearing Systems:</b> .....	Clearstream, Luxembourg and Euroclear for Bearer Notes, Clearstream, Luxembourg, Euroclear and DTC for Registered Notes and, in relation to any Tranche, any other clearing system as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer. See " <i>Form of the Notes</i> ".
<b>Governing Law:</b> .....	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
<b>Selling Restrictions:</b> .....	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), the UAE (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, Bahrain, the Kingdom of Saudi Arabia, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ".
<b>United States Selling Restrictions:</b> .....	Regulation S Category 1, Rule 144A, TEFRA C, TEFRA D and/or TEFRA not applicable, as specified in the applicable Final Terms.  Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code ( <b>TEFRA D</b> ) unless (i) the applicable Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code ( <b>TEFRA C</b> ) or (ii) the Notes have a term of one year or less (taking into account any unilateral right to extend or rollover the term).

## RISK FACTORS

*In purchasing Notes issued under the Programme, investors assume the risk that the Issuer may be unable to make all payments due or otherwise fulfil its obligations in respect of the Notes. They also assume the risk that the market price of the Notes may vary, whether due to concerns about the Issuer's ability to make payments under the Notes or other reasons. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due or otherwise fulfil such obligations. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its ability to make payments due or otherwise fulfil its obligations under the Notes and the perception that any of these factors has become more likely to occur could materially adversely affect the market price of any Notes held by an investor which in turn may result in an investor losing some or all of its investment.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*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.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

**Abu Dhabi's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices**

Abu Dhabi's economy is significantly impacted by international oil prices. The hydrocarbon sector accounted for 40.4 per cent. of Abu Dhabi's nominal GDP in 2018 compared to 34.1 per cent. in 2017 and 31.7 per cent. in 2016, with the growth generally reflecting increasing oil prices. Abu Dhabi's economy has in the past been adversely affected by periods of low international oil prices, most recently in the period from mid-2014 to early 2016.

Based on data published by Abu Dhabi National Oil Company (**ADNOC**), oil prices (based on ADNOC's Murban Crude Oil Official Selling Price, which is a monthly average price) fell from U.S.\$111.65 per barrel in June 2014 to U.S.\$46.40 per barrel in January 2015. Prices then recovered briefly, reaching U.S.\$65.75 in May 2015 before falling to a low of U.S.\$29.95 in January 2016. Since then, prices have generally increased and in August 2019 the monthly average price per barrel was U.S.\$61.89, but there is no certainty such price levels will be maintained and the oil price is volatile. Murban crude oil is Abu Dhabi's principal oil export.

The lengthy period of depressed crude oil prices affected Abu Dhabi in a number of ways (and future periods of depressed oil prices would be expected to have similar effects):

- Nominal GDP was adversely affected in 2015 and 2016 reflecting the significant contributions of the oil and gas sector to Abu Dhabi's GDP. In 2015 and 2016, SCAD data indicates that Abu Dhabi's nominal GDP declined by 18.9 per cent. and by 2.3 per cent., respectively, in each case compared to the previous year, principally driven by lower hydrocarbon prices.
- The UAE's trade surplus (to which hydrocarbon exports make a significant contribution), fell from AED 308 billion in 2014 to AED 281 billion in 2015 and to AED 202 billion in 2016, principally reflecting the reduced value of hydrocarbon exports.
- Abu Dhabi's fiscal balance (which depends almost entirely on revenue from hydrocarbon royalties and taxes and dividends received from ADNOC), was a deficit of AED 41.5 billion in 2015, a deficit of AED 25.9 billion in 2016, a deficit of AED 28.4 billion in 2017 and a deficit of AED 1.1 billion in 2018.

Prospective investors should be aware that the above analysis does not take into account the indirect impact of low oil prices on Abu Dhabi's economy, which is difficult to quantify with any precision. Potential investors should note that many of Abu Dhabi's and the UAE's other economic sectors are in part dependent on the hydrocarbon sector. For example, the financial institutions sector (and banks in particular) may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher loan losses or impairments. The government may also decide, as it has done in the past, to further reduce government expenditures in light of the budgetary pressures caused by low or falling oil prices. As fiscal spending on infrastructure and investment projects drives credit to public sector entities and private contractors and bank credit for personal lending is driven by public sector wages, if this spending is cut and public sector wages come under pressure, this could, potentially, increase levels of non-performing loans (NPLs) held by banks. In addition, large government fiscal deficits, which are likely to result in lower government spending, could also impact many other sectors of the economy, including in particular the construction sector to the extent that large projects are delayed or cancelled. Furthermore, sectors that are dependent on household consumption, including education, healthcare and housing, may be adversely affected by lower levels of economic activity that may result from lower government revenue from hydrocarbon production.

Crude oil prices have historically been volatile and are affected by a range of factors beyond the Issuer's control, including:

- global economic and political conditions as well as economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for hydrocarbon products, including the prices and availability of alternative fuels or new technologies using different fuels (and those motivated by climate change concerns);
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude hydrocarbon producing or consuming countries; and
- global weather and environmental conditions.

There can be no assurance that these factors, whether individually or in combination with others, will not result in a prolonged or further decline in oil prices. As a result, there can be no assurance that Abu Dhabi's economy will not be materially adversely affected in the future by lengthy periods of low oil prices.

**Abu Dhabi and the UAE are geographically located in a region that is experiencing political unrest which has the potential to materially adversely affect Abu Dhabi in a number of ways**

Although Abu Dhabi and the UAE enjoy domestic political stability and generally healthy international relations, since early 2011 there has been political unrest in a number of countries in the MENA region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such occurrences might have on Abu Dhabi and the UAE. The MENA region is currently subject to a number of armed conflicts including those in Yemen, Syria, Iraq and Palestine as well as the multinational conflict with the Islamic State. The UAE, along with a number of other Arab states, continues to participate in the military intervention in Yemen, which began in 2015 and is currently being scaled back. In addition, since June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen, have severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on Qatar. There can be no assurance as to when diplomatic relations will be restored or air, land and



sea connections reopened with Qatar. It is also not currently possible to predict the outcome of this dispute and any significant escalation could negatively affect Abu Dhabi and the UAE. Most recently, tensions in the Gulf region have increased following the seizure by Iran of a British tanker in July 2019 and, more broadly, due to several incidents with oil tankers in the Strait of Hormuz. On 14 September 2019, the Abqaiq processing facility and the Kurais oil field in Saudi Arabia were damaged to a significant extent in apparent drone attacks, which caused an immediate significant reduction in the output of Saudi Aramco, Saudi Arabia's national oil company. It is unknown what, if any, response will be made by Saudi Arabia and its allies to this incident, what form any response will take and what the impact of such response will be. There can be no assurance that a similar incident could not occur elsewhere in the Gulf region. Furthermore, there can be no assurance what impact this incident will have on global oil prices. For further detail on the vulnerability of Abu Dhabi's economy to volatility on global oil prices, see "*—Abu Dhabi's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices*".

These recent and ongoing developments may contribute to instability in the region and may have a material adverse effect on Abu Dhabi's security, attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and financial condition.

Abu Dhabi is, and will continue to be, affected by political developments in or affecting the UAE and the wider MENA region and investors' reactions to developments in any country in the MENA region may affect the securities of issuers in other markets, including Abu Dhabi. Although the UAE has not experienced significant terrorist attacks such as those experienced by a number of countries in the MENA region, including Egypt, there can be no assurance that extremists or terrorist groups will not initiate violent activity in the UAE. Any terrorist incidents, including cyber-terrorism, in or affecting the UAE and increased regional geopolitical instability (whether or not directly involving the UAE) may have a material adverse effect on the UAE's (and, consequently, Abu Dhabi's) security, attractiveness for foreign investment and capital, its ability to engage in international trade, its tourist industry and, consequently, its economic, external and fiscal positions.

Abu Dhabi is also dependent on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) 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. There can be no assurance of the continued availability of expatriate labour with appropriate skills, and the continued availability of skilled labour is an important aspect to the delivery of the Economic Vision 2030, see "*Overview of the Emirate of Abu Dhabi—Emirate of Abu Dhabi—Strategy of Abu Dhabi—2030 Economic Vision*".

In addition, as the government continues to diversify Abu Dhabi's economy into other sectors, including tourism, the potential for its economy to be negatively affected by broader regional and global economic trends or geopolitical developments is increasing.

### **Global financial conditions and rising protectionist policies may have an impact on Abu Dhabi's economic and financial condition**

Abu Dhabi's economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions and protectionist trade policies or threats thereof. In particular, a global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-oil growth in the UAE and Abu Dhabi. In addition, a global economic downturn could impact global demand for oil and oil prices. See "*—Abu Dhabi's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices*" above. Increased financial market volatility could also affect investor sentiment and slow tourism, trade and investment in the UAE, which could, in turn, have an adverse effect on Abu Dhabi's non-oil sectors and the economy as a whole.

There can be no assurance that a global economic downturn will not occur or that there will not continue to be a shift towards protectionist policies on a global scale, each of which, together or individually, may have a material adverse effect on Abu Dhabi's economy and financial position.

**Although the government has low levels of direct debt, it is exposed to contingent liabilities through its ownership of significant companies and its position as the wealthiest emirate in the UAE**

The government of Abu Dhabi has in the past provided significant financial support to companies in which it has ownership interests and other systemically important entities, including, in the aftermath of the global financial crisis, AED 16 billion in capital injections to the then five major banks in the emirate. The government has also supported other emirates in the UAE and, through its wholly-owned companies, has provided restructuring support to significant companies such as National Central Cooling Company PJSC (**Tabreed**), Aldar Properties PJSC (**Aldar**) and Abu Dhabi National Energy Company PJSC (**TAQA**).

The government does not generally guarantee the obligations of any of its wholly-owned companies. As at 31 December 2018, the aggregate amount borrowed and outstanding by these entities was approximately U.S.\$43.2 billion.

Abu Dhabi Law No. 1 of 2017 on the Financial System of Abu Dhabi Government (the **Financial System Law**) states that while the government is directly liable for public debt (essentially comprising money borrowed by the government and its departments), it is not responsible for the liabilities of any government-related entity. The Financial System Law does not, however, prevent the government from providing support to its related entities and it may decide to extend financial or other assistance to one or more such related entities, such as a government-owned company, as it has done from time to time where necessary or desirable from Abu Dhabi's perspective. Although the government of Abu Dhabi has no legal obligation to do so, it may, in the future, choose to provide additional financial support to other Emirati governments and other government-owned or systemically important Abu Dhabi companies if they were faced with difficulties that threatened the reputation or economic health of Abu Dhabi or the UAE. Any such support could be significant in the context of Abu Dhabi's annual budget and entail substantial fiscal outflows. See further "*—Abu Dhabi's wholly-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends*".

**Abu Dhabi's efforts to diversify its economy may not be completely successful**

Abu Dhabi's economy is highly dependent on the oil industry. The government has a long-term strategy of diversifying Abu Dhabi's economy away from its reliance on oil and gas as the single major revenue source and a long-term vision to turn the emirate into a knowledge-based economy and reduce its dependence on the oil sector. See "*Overview of the Emirate of Abu Dhabi—Emirate of Abu Dhabi—Strategy of Abu Dhabi—Policy Agenda*" and "*Overview of the Emirate of Abu Dhabi—Emirate of Abu Dhabi—Strategy of Abu Dhabi—2030 Economic Vision*". However, there can be no assurance that Abu Dhabi's efforts to diversify its economy and reduce its dependence on oil will be completely successful. Non-oil GDP growth has slowed since 2014 as a result of, principally, the decline in real estate prices, a slowdown in government investment and tightening global financial conditions. If non-oil growth does not increase as projected and Abu Dhabi's economy retains a significant degree of dependence on oil (including as a result of a significant capacity expansion by ADNOC), Abu Dhabi will continue to be significantly exposed to economic downturns driven by oil price volatility, see "*—Abu Dhabi's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices*".

**Abu Dhabi's budget is prepared on a cash basis which means that Abu Dhabi's fiscal balance may not be fully reflective of all of the government's assets and obligations**

Abu Dhabi's budget is prepared on a cash basis. This means that flows are recorded when cash is received or disbursed. Although non-monetary flows can be recorded, most accounting systems (including that used in Abu Dhabi) using the cash basis do not record non-monetary flows because the focus is on cash management rather than resource flows. In addition, with respect to accruals, the time of recording may diverge significantly from the time of the economic activities and transactions to which they relate. For example, the interest paid on a zero-coupon bond would not be recorded until the bond matures, which could be many years after the expense was incurred. Accordingly, actual government funding may not be completely reflected in the budget, as known liabilities to make payments in future years will not be reflected in the budgets for earlier years.

**Abu Dhabi's wholly-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends**

With the exception of dividends that it receives from ADNOC, Abu Dhabi Investment Authority (ADIA) and other government-related entities, the activities of the government's wholly-owned companies are not recorded in its budget. Many of these companies are exposed to global economic trends through significant investments made by them abroad. Global economic trends including, but not limited to, volatility in asset prices and financial markets, volatility in commodity prices (both hydrocarbon and non-hydrocarbon), significant liquidity constraints and changes in United States and other interest rates may impact the asset values, revenues and results of these companies. If and to the extent that these operational challenges or periods of significant capital expenditure result in increased funding being required by any of these companies or reduces the funds available to the government (whether via taxes and royalties or dividends), it could have a significant negative impact on the government's fiscal balance, particularly if these needs arise at times of economic difficulty when the government's own finances are also likely to be under pressure, which would especially be the case if the economic difficulty results from a lengthy period of low oil prices.

**Abu Dhabi's credit ratings may change and any ratings downgrade could adversely affect the value of Notes issued under the Programme**

Abu Dhabi has a long-term foreign currency debt rating of "AA" with a stable outlook from S&P, a government bond rating of Aa2 with a stable outlook from Moody's Singapore and a long-term foreign currency issuer default rating of "AA" with a stable outlook from Fitch.

S&P noted in its 31 May 2019 ratings report that it could consider a negative rating action if (i) it expected a material deterioration in Abu Dhabi's currently strong fiscal balance sheet and net external asset position, (ii) fiscal deficits or the materialisation of contingent liabilities led liquid assets to drop below 100 per cent. of GDP or (iii) domestic or regional events compromised political and economic stability in Abu Dhabi.

Fitch noted in its 6 November 2018 report that negative ratings actions could result from (i) an erosion of Abu Dhabi's fiscal and external positions, for example due to a sustained period of low oil prices or a materialisation of contingent liabilities or (ii) a regional shock that impacts Abu Dhabi's economic, social or political stability.

Moody's noted in its 15 April 2019 ratings report that a rating downgrade could be prompted by (i) a prolonged period of oil prices well below Moody's current assumptions unless accompanied by effective measures to preserve the government's fiscal strength or (ii) a rising probability that large contingent liabilities posed by government-related entities might crystallise on the government's balance sheet.

Any future downgrade or withdrawal at any time of a credit rating assigned to Abu Dhabi by any rating agency could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of Notes issued under the Programme and cause trading in such Notes to be volatile. Furthermore, unsolicited ratings may not benefit from government input but could also negatively impact Abu Dhabi's cost of borrowing.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and other that may affect the value of Notes issued under the Programme.

Abu Dhabi cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

**Investing in securities involving emerging markets, such as Abu Dhabi, generally involves a higher degree of risk than investments in securities of issuers from more developed countries**

Investing in securities involving emerging markets, such as Abu Dhabi, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of Abu Dhabi, these higher risks include those discussed elsewhere in this section. In addition, there can be no assurance that the market for securities bearing emerging market risk, such as any Notes issued under the Programme, will not be affected negatively by events elsewhere, especially in emerging markets.

International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect were to occur, the trading price of Notes issued under the Programme could be adversely affected by negative economic or financial developments in other emerging market countries over which the government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic and central bank policy decisions of developed countries than other sovereign issuers. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. No assurance can be given that this will not be the case in the future.

As a consequence, an investment in Notes issued under the Programme carries risks that are not typically associated with investing in Notes issued by governments in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on Abu Dhabi, including elements of information provided in this Base Prospectus, see "*—The statistical information included in this Base Prospectus is subject to certain limitations and may be materially adjusted or revised in the future as further information becomes available*" below. Prospective investors should also note that emerging economies, such as Abu Dhabi's, are subject to rapid change and that the information set out in this Base Prospectus may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult with their own legal and financial advisers before making an investment decision.

#### **Any adjustment to, or ending of, the UAE's currency peg could negatively affect Abu Dhabi**

Since November 1980, the dirham has been pegged to the U.S. dollar at a rate of AED 3.6725 = U.S.\$1.00. The maintenance of this peg is a firm policy of the UAE Central Bank. See "*Monetary and Financial System—Monetary and Exchange Rate Policy*". However, although there are substantial reserves available to defend the peg, there is no assurance that the UAE Central Bank will be able to continue to maintain the peg in the future. If the UAE Central Bank cannot maintain a stable exchange rate or the peg to the U.S. dollar, it could reduce confidence in the UAE's economy, reduce foreign direct investment and adversely affect the UAE's finances and economy, as well as those of the individual emirates within the UAE, including Abu Dhabi.

In addition, because of the peg to the U.S. dollar, the UAE Central Bank does not have any flexibility to devalue the dirham to stimulate Abu Dhabi's exports market, and the UAE Central Bank's ability to independently manage interest rates is constrained, which may impair its ability to respond to financial crises or downturns. For example, if, when the US Federal Reserve increases interest rates, the UAE Central Bank delays significantly in increasing its own rates this could result in significant pressure on the peg. This lack of flexibility could have an adverse effect on the UAE's foreign trade and, in turn, on its economy and those of the individual emirates within the UAE. See "*—A slowdown in the economies of Abu Dhabi's key trading partners and an appreciation of the U.S. dollar could each adversely affect Abu Dhabi's economy*" below.

The government, its wholly-owned companies and other entities in Abu Dhabi and the UAE have in the aggregate a significant amount of debt denominated in U.S. dollars. Any negative variation of the peg would increase the burden of servicing and repaying this debt, which could also increase Abu Dhabi's exposure to contingent liabilities. See "*—Although the government has low levels of direct debt, it is exposed to contingent liabilities through its ownership of significant companies and its position as the wealthiest emirate in the UAE*" above. Abu Dhabi does not control the UAE Central Bank, which is a federal institution that has regard to the interests of the UAE as a whole and not those of any particular emirate.

#### **A slowdown in the economies of Abu Dhabi's key trading partners and an appreciation of the U.S. dollar could each adversely affect Abu Dhabi's economy**

Abu Dhabi has strong trading relationships with many countries. In particular, countries in the Far East, including Japan, are significant markets for Abu Dhabi's crude oil exports. In addition, Saudi Arabia and China are both major trade partners in terms of exports, re-exports and imports, , the United States is a major trade partner in terms of both exports and imports and Japan is a major source of imports (see "*Balance of Payments and Foreign Trade—Foreign Trade*").

Any sustained market and economic downturn or geopolitical uncertainties in any of Abu Dhabi's key trading partners may materially impact Abu Dhabi's trade with those countries and could have a negative impact on Abu Dhabi's foreign trade and balance of payments.

Furthermore, because the UAE's currency is pegged at a fixed rate to the U.S. dollar, any significant appreciation in value of the U.S. dollar, whether driven by increasing U.S. interest rates or other factors, could result in Abu Dhabi's non-hydrocarbon exports becoming less competitive. See "*—Any adjustment to, or ending of, the UAE's currency peg could negatively affect Abu Dhabi*" above.

**The extensive production, processing, storage and shipping of hydrocarbons in Abu Dhabi gives rise to risks associated with hazardous materials**

The sizeable oil and gas sector in Abu Dhabi consists of both upstream and downstream activities that include the production, processing, storage and shipping of oil, natural gas, petrochemicals and other hydrocarbons in various physical states. Hydrocarbons, by their nature, are hazardous materials which have the potential to harm or damage property, production facilities, people and the environment. A disaster involving hydrocarbons, such as a significant oil spill or catastrophic explosion, however caused, could have a materially adverse effect on Abu Dhabi's revenue or assets, either from direct losses (such as the loss of export revenue), the loss of tax revenue or liability to third parties, or from indirect losses, such as unrecovered clean-up costs, unmitigated environmental damage and reputational damage. Abu Dhabi cannot guarantee that such an event will not occur in the future.

**The statistical information included in this Base Prospectus is subject to certain limitations and may be materially adjusted or revised in the future as further information becomes available**

The statistical information included in this Base Prospectus has been derived from a number of different identified sources. Certain information (for example, information relating to the balance of payments and information under the heading "*Monetary and Financial System*") is only available on a federal basis relating to the entire UAE. 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 methodologies, definitions and cut-off times.

Although efforts are being made by the UAE and its emirates to produce accurate and consistent social and economic data, investors should be aware that there is still significant scope for improving fiscal, external and labour statistics. For a discussion of certain limitations relating to the statistics included in this document, see "*Presentation of Statistical and Other Information—Presentation of Statistical Information*". The statistical data appearing in this Base Prospectus may also not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in other jurisdictions. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source and there can be no assurance that the statistical data appearing in this Base Prospectus are as accurate or as reliable as those published by other countries.

The official financial and economic statistics of Abu Dhabi and the UAE are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures, or figures published in the future, and may be subsequently adjusted or revised. No assurance can be given that material changes will not be made.

**Information on oil and gas reserves are based on estimates that have not been reviewed by an independent consultant for the purposes of this Base Prospectus**

The information on oil and gas reserves contained in this Base Prospectus is based on figures published by the Organization of the Petroleum Exporting Countries (OPEC). Neither Abu Dhabi nor the Arrangers have engaged an independent consultant or any other person to conduct a review of Abu Dhabi's natural gas or crude oil reserves in connection with this Base Prospectus. All reserve estimates presented herein are based on data collected and maintained by OPEC and may differ materially from actual figures. No assurance can be given that material changes will not be made. Potential investors should also note that the methodology used by OPEC to calculate the reserves figures may differ from the methodology used by other hydrocarbon producers and may also differ from the standards of reserves measurement prescribed by the U.S. Securities and Exchange Commission.

Furthermore, although based on scientifically backed procedures and research, reserves valuation is a process with an inherently subjective element for estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality and reliability of available data, engineering and geological interpretations and subjective professional judgement. Additionally, estimates may be revised based on subsequent results of drilling, testing and production. The proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields are difficult to estimate and, therefore, the reserve estimates may differ materially from the ultimately recoverable quantities of crude oil and natural gas.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **Risks related to the structure of a particular issue of Notes**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*Notes subject to optional redemption by the Issuer. If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

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

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

Regulatory reforms such as the Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of any such regulation. Such changes could, among other things, have the effect

of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. In particular, on 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if LIBOR or EURIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR or EURIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which LIBOR or EURIBOR is to be determined under the conditions of the Notes, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for LIBOR or EURIBOR which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate which reference LIBOR or EURIBOR.

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

### **Risks related to Notes generally**

Set out below is a description of material risks relating to the Notes generally:

#### ***The conditions of the Notes contain provisions which may permit their modification without the consent of all investors***

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

In addition, the conditions of the Notes permit "cross-series modifications" to be made to more than one series of debt securities, provided that each affected series of debt securities also contains a cross-series modification provision. Under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the conditions of the Notes), such cross-series modification may be made to more than one series of debt securities with the approval of the applicable percentage of the aggregate principal amount of the outstanding debt securities of all affected series and without requiring the approval of a particular percentage of the holders of any individual affected series of debt securities.

There is therefore a risk that the conditions of the Notes may be modified in circumstances where the holders of debt securities approving the modification may be holders of different series of debt securities and the majority of Noteholders would not necessarily have approved such modification. In addition, there is a risk that the provisions allowing for aggregation across multiple series of debt securities may make the Notes less attractive to purchasers in the secondary market and adversely affect the market value of the Notes in circumstances where such modification or a proposal for such modification is expected to be made by the Issuer.

#### ***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or

administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

***Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders***

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each as defined under “*Form of the Notes*”). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

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

**Risks related to the market generally**

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and investments in Notes may trade at a discount to their initial offering price depending on prevailing interest rates, market for similar securities, general economic conditions and the Issuer’s financial condition. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or



currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes, as an equivalent investment issued at the current market interest rate may be more attractive to investors.

***Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

**Risks relating to enforcement**

***Enforcement of foreign judgments and arbitral awards in Abu Dhabi***

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

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

Under current Abu Dhabi law, the Abu Dhabi courts are unlikely to enforce an English or United States court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the perception of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in Abu Dhabi have no binding effect on subsequent decisions. In addition, court decisions in Abu Dhabi are generally not recorded. There is therefore a risk that the judgments obtained in an English or United States court may not be enforced in Abu Dhabi.

The Notes, the Agency Agreement, the Deed of Covenant (each as defined in "*Terms and Conditions of the Notes*") and the Programme Agreement (as defined in "*Subscription and Sale and Transfer and Selling Restrictions*") are governed by English law and the parties to such documents have agreed to refer any

unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration, with the seat of any such arbitration to be London, England.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the **New York Convention**) entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in Abu Dhabi in accordance with the terms of the New York Convention. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. There is, however, no system of binding judicial precedent in the UAE and it is unclear if these decisions are subject to any appeal (it should be noted that only the Dubai Court of Cassation decision was a final decision). Therefore, how the New York Convention provisions would be interpreted and applied by the Abu Dhabi courts in practice and whether the Abu Dhabi courts will enforce a foreign arbitration award in accordance with the terms of the New York Convention (or any other multilateral or bilateral enforcement convention), remain largely untested.

### ***Waiver of immunity***

Federal Law No. 11 of 1992 grants to the Issuer and its affiliates immunity in respect of its assets. The Issuer has waived its rights in relation to sovereign immunity (subject to Federal Law No. 11 of 1992 which cannot be waived by the Ruler or Government alone), however there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Notes, the Agency Agreement (as defined in “*Terms and Conditions of the Notes*”) and the Programme Agreement (as defined in “*Subscription and Sale*”) are valid and binding under the laws of Abu Dhabi and, to the extent applicable therein, the federal laws of the UAE. If the waiver of immunity is not valid and binding, there is a risk that the investors may not be able to enforce against Issuer in the UAE.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Base Prospectus:

- (a) the Terms and Conditions of the Notes contained on pages 31 to 63 (inclusive) in the Base Prospectus dated 18 April 2016 prepared by the Issuer in connection with the Programme (available at: [http://www.rns-pdf.londonstockexchange.com/rns/5518V\\_-2016-4-18.pdf](http://www.rns-pdf.londonstockexchange.com/rns/5518V_-2016-4-18.pdf)); and
- (b) the Terms and Conditions of the Notes contained on pages 35 to 67 (inclusive) in the Base Prospectus dated 2 October 2017 prepared by the Issuer in connection with the Programme (available at: [http://www.rns-pdf.londonstockexchange.com/rns/4562S\\_-2017-10-2.pdf](http://www.rns-pdf.londonstockexchange.com/rns/4562S_-2017-10-2.pdf)); and

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Notes issued pursuant to TEFRA D must be initially represented by a Temporary Global Note.

While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

The option for an issue of Bearer Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (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 no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), interest coupons and talons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**).

The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, each a **Registered Global Note**).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**) or (ii) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form and in the case of Regulation S Global Notes, outside the United States and its possessions.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available or (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, 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 is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting

exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.**

### **General**

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued on terms that it will from a date after its date of issue form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a FISN, a CFI, a CUSIP and CINS number which are different from the common code, ISIN, FISN, CFI, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the two Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC 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 or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (such deed of covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 2 October 2017 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme and which (1) have a denomination of €100,000 (or its equivalent in any other currency) or more, and/or (2) are to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]/[MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the SFA)** – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the CMP Regulations 2018), the Issuer has determined the classification of the Notes to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Specified Investment Products (as defined in the Singapore Monetary Authority (the MAS) Notice SFA 04- N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>2</sup>

[Date]

### EMIRATE OF ABU DHABI

**Legal entity identifier (LEI): 213800FER4348CINTA77**

**Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]  
under the  
Global Medium Term Note Programme**

[The Notes will only be admitted to trading on [ ], which is [an EEA regulated market/a specific segment of an EEA regulated market] (as defined in MiFID II), to which only qualified investors (as defined in the Prospectus Regulation) can have access and shall not be offered or sold to non-qualified investors.]

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 23 September 2019 [and the supplement[s] to it dated [ ] [and [ ]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus

<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>2</sup> Legend to be included on front of the Final Terms if the Notes (i) are being sold into Singapore; and (ii) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

Regulation (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [ ] [and the supplement to it dated [ ]] which are incorporated by reference in the Base Prospectus dated [ ]. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated [ ] [and the supplement[s] to it dated [ ] [and [ ]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

1. Issuer: Emirate of Abu Dhabi
2. (a) Series Number: [ ]
- (b) Tranche Number: [ ]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [ ]][Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (a) Series: [ ]
  - (b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6. (a) Specified Denominations: [ ]
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ] /Issue Date/Not Applicable]
8. Maturity Date: [ ] / [Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis:
 

[[ ] per cent. Fixed Rate]

[[[ ] LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate]

[Zero Coupon]

(further particulars specified below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
11. Change of Interest Basis [ ] [Not Applicable]



12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]  
 [Not Applicable]

13. Status of the Notes: Senior

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
- (e) Day Count Fraction: [30/360]  
 [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year] [Not Applicable]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: [ ] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]/[Second London business day prior to the start of each Interest Period]/[First day of each Interest Period]/[Second day on which TARGET2 System is open prior to the start of each Interest Period]
  - Relevant Screen Page: [ ]

- (g) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (i) Margin(s): [+/-] [ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
- 16. Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
- [Actual/360]
- [Actual/365]

#### **PROVISIONS RELATING TO REDEMPTION**

- 17. Issuer Call:** [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [[ ] per Calculation Amount]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ] per Calculation Amount
  - (ii) Maximum Redemption Amount: [ ] per Calculation Amount
- (d) Notice period: Minimum period: [15] days  
Maximum period: [30] days
- 18. Investor Put:** [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [[ ] per Calculation Amount]
- (c) Notice periods: Minimum period: [15] days  
Maximum period: [30] days
- 19. Final Redemption Amount:** [[ ] per Calculation Amount/specify other/see Appendix]
- 20. Early Redemption Amount payable on event of default and:** [ ] per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 21. Form of Notes:** [Bearer Notes]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Registered Notes:

[Regulation S Global Note registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]]

[Rule 144A Global Note registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]

22. Additional Financial Centre(s):

[Not Applicable/give details]

23. Talons for future Coupons to be attached to Definitive Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer 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 [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Emirate of Abu Dhabi:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading: [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and to be listed on the official list of the United Kingdom Financial Conduct Authority with effect from [ ].]
- (b) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- [S&P Global Ratings Europe Limited (**S&P**): [ ]]
- [Moody's Investors Service Singapore Pte. Ltd. (**Moody's Singapore**): [ ]]
- [Fitch Ratings Limited (**Fitch**): [ ]]
- [Moody's Singapore is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended, the **CRA Regulation**). The rating assigned by Moody's Singapore has been endorsed by Moody's Investors Service Ltd. (**Moody's**) in accordance with the CRA Regulation.]
- Each of [[S&P] [Moody's] and [Fitch]] is established in the European Union and is registered under [the CRA Regulation]/[Regulation (EC) No. 1060/2009 (as amended)]

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

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

### 4. YIELD

- 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.

### 5. OPERATIONAL INFORMATION

- (a) ISIN: [ ]
- (b) Common Code: [ ]
- (c) CUSIP: [ ]
- (d) CINS: [ ]
- (e) CFI: [[See/[ ]], as updated, as set out on] the website of the Association of National Numbering Agencies

(ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

- (f) FISN [See/[ ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (g) Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable]/[ ]
- (h) Delivery: Delivery [against/free of] payment
- (i) Names and addresses of additional Paying Agent(s) (if any): [ ]

## 6. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable]/[ ]
- (c) Date of Subscription Agreement: [ ]
- (d) Stabilisation Manager(s) (if any): [Not Applicable]/[ ]
- (e) If non-syndicated, name of relevant Dealer: [Not Applicable]/[ ]
- (f) U.S. Selling Restrictions: [Reg. S Compliance Category 1; Rule 144A; TEFRA D/TEFRA C/TEFRA not applicable]
- (g) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by the Emirate of Abu Dhabi (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 2 October 2017, as supplemented by a supplemental agency agreement dated 23 September 2019 (as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer, The Bank of New York Mellon, London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent and the U.S. Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon, London Branch as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent), The Bank of New York Mellon, New York Branch as paying agent (the **U.S. Paying Agent**) and as transfer agent (together with the Principal Paying Agent, the **Transfer Agents**, which expression shall include any additional or successor transfer agents) and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar). If so specified in the applicable Final Terms, the Issuer will appoint a calculation agent with respect to a Series (the **Calculation Agent**, which expression shall include any successor calculation agent).

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such deed of covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 2 October 2017 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms will be published on the website of the London Stock Exchange plc (the **London Stock Exchange**) through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

For so long as The Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may

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

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, 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. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

### **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in Conditions 2.1 and 2.5, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) 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 the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three 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), authenticate and deliver, or procure the authentication and delivery of, 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 Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of registration**

Noteholders 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.



## 2.5 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or
- (b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## 2.6 Definitions

In this Condition, the following expressions shall have the following meanings:

**Legended Note** means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

**QIB** means a “qualified institutional buyer” within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Note** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Note** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**Securities Act** means the United States Securities Act of 1933, as amended.

## 3. STATUS OF THE NOTES

The Notes and any relative Coupons constitute (subject to Condition 4) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and, subject to Condition 4, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*.

## 4. NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the

same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions, **Relevant Indebtedness** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and are denominated or payable, or which at the option of the relevant holder thereof may be payable, in a currency other than the lawful currency of the United Arab Emirates.

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or
- (b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Notes which are Registered Notes in definitive form or the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes in definitive form) shall be rounded 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.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest 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 (1) the number of days in such

Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) 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
  - (2) 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
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest 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 Interest Commencement Date or the final Interest Payment 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.

## 5.2 Interest on Floating Rate Notes

(a) **Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment 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 an Interest Payment Date should occur or (y) if any Interest Payment 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 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (c) below shall apply *mutatis mutandis* or (ii) 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 (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment 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 Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if “TARGET2 System” is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open; and
- (c) either (1) 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 (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ***ISDA Determination for Floating Rate Notes***

Where “ISDA Determination” is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the

ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where “Screen Rate Determination” is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) (the **Specified Time**) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In case the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 5.2(b)(ii), the expression **Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent in consultation with the Issuer.

(c) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(d) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Principal Paying Agent or Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or Calculation Agent, as applicable, will calculate the amount of interest (the

**Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, 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. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be



determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

(f) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent or Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or Calculation Agent, as applicable, shall (in the absence of wilful default, fraud or manifest or proven error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

### **5.3 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## **6. PAYMENTS**

### **6.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

## **6.2 Presentation of definitive Bearer Notes and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

## **6.3 Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented.

## **6.4 Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such

payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, 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 relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, 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 relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **6.5 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes may be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
  - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if “TARGET2 System” is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;
- (c) either (1) 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 (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (d) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has not elected to receive any part of such payment in a Specified Currency other than U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

## 6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## 7. REDEMPTION AND PURCHASE

### 7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### 7.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes be selected individually by lot, not more than 30 days prior to the date fixed for redemption, and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

### 7.3 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary for Euroclear or Clearstream, Luxembourg to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7.3 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.3 and instead to give written notice to the Principal Paying Agent to declare such Note forthwith due and payable subject to, and in accordance with, Condition 10.

#### **7.4 Early Redemption Amounts**

For the purpose of Condition 10:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount;
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

#### **7.5 Purchases**

The Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent or the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 15.

#### **7.6 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.5 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

#### **7.7 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2 or 7.3 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in

Condition 7.4(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## 8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used herein:

- (i) **Tax Jurisdiction** means the United Arab Emirates or the Emirate of Abu Dhabi or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. PRESCRIPTION

Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10. EVENTS OF DEFAULT

If any of the following events (each an **Event of Default**) occurs and is continuing:

- (a) the Issuer fails to pay the principal of, or any interest on, any of the Notes when due and such failure continues for a period of 14 days in the case of principal and 30 days in the case of interest; or
- (b) the Issuer defaults in performance or observance of or compliance with any of its other obligations or undertakings in respect of the Notes and either such default is not capable of

remedy or such default (if capable of remedy) is not remedied within 45 days after written notice of such default shall have been given to the Issuer by any Noteholder; or

- (c) (i) the holders of any Relevant Indebtedness of the Issuer accelerate such Relevant Indebtedness or declare such Relevant Indebtedness to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such indebtedness), prior to the stated maturity thereof or (ii) the Issuer fails to pay in full any principal of, or interest on, any of its Relevant Indebtedness when due (after expiration of any applicable grace period) or any guarantee of any Relevant Indebtedness of others given by the Issuer shall not be honoured when due and called upon; provided that the aggregate amount of the relevant Relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or
- (d) the Issuer shall enter into an arrangement with its creditors generally for the rescheduling or postponement of its debts, or a moratorium on the payment of principal of, or interest on, all or any part of the Relevant Indebtedness of the Issuer shall be declared; or
- (e) the validity of the Notes is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes or as a result of any change in, or amendment to, the laws or regulations in the United Arab Emirates or the Emirate of Abu Dhabi, which change or amendment takes place on or after the date on which agreement is reached to issue the first Tranche of the Notes, (i) it becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or (ii) any of such obligations becomes unenforceable or invalid,

then the Principal Paying Agent shall, upon receipt of written request to the Issuer at the specified office of the Principal Paying Agent from holders of not less than 25 per cent. in aggregate outstanding nominal amount of the Notes, declare all the Notes immediately due and payable, at their Early Redemption Amount together with accrued interest (if any), without further formality. Upon such declaration by the Principal Paying Agent, the Principal Paying Agent shall give notice thereof to the Issuer and to the holders of Notes in accordance with Condition 14.

If the Issuer receives notice in writing from the holders of at least 50 per cent. in aggregate outstanding nominal amount of the Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Principal Paying Agent) whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any other rights or obligations which may have arisen before the Issuer gives such notice.

## **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent or Registrar (as the case may be) may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENTS**

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a



Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes 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 on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes 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 on the website of the relevant stock exchange or relevant authority and/or 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 holders of the Notes on the third day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or

DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

## 15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

### 15.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

- (a) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement. The Issuer will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (b) The Issuer or the Principal Paying Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 15.9 below) have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (c) The Issuer (with the agreement of the Principal Paying Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*;
  - (i) the date, time and location of the meeting;
  - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (vi) whether Condition 15.2, or Condition 15.3, or Condition 15.4 shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (viii) such information that is required to be provided by the Issuer in accordance with Condition 15.6;

- (ix) the identity of the Aggregation Agent and the Claims Calculation Agent (each as defined in these Conditions), if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 15.7; and
  - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) All information to be provided pursuant to Condition 15.1(d) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents (as defined in Condition 15.12).
  - (f) A **record date** in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
  - (g) An **Extraordinary Resolution** means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
  - (h) A **Written Resolution** means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
  - (i) Any reference to **debt securities** means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
  - (j) **Debt Securities Capable of Aggregation** means those debt securities which include or incorporate by reference this Condition 15 and Condition 16 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

## 15.2 Modification of this Series of Notes only

- (a) Any modification of any provision of, or any action in respect of, the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (b) A **Single Series Extraordinary Resolution** means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1 by a majority of:
  - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.
- (c) A **Single Series Written Resolution** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

- (ii) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be and on all Couponholders.

### 15.3 Multiple Series Aggregation – Single limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
- (b) A **Multiple Series Single Limb Extraordinary Resolution** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A **Multiple Series Single Limb Written Resolution** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) The **Uniformly Applicable** condition will be satisfied if:
  - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
  - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments

having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).

- (f) It is understood that a proposal under Condition 15.3(c) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under Condition 15.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

#### **15.4 Multiple Series Aggregation – Two limb voting**

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A **Multiple Series Two Limb Extraordinary Resolution** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of:
  - (i) at least 66.67 per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A **Multiple Series Two Limb Written Resolution** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
  - (i) at least 66.67 per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) Any modification or action proposed under Condition 15.4(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

## 15.5 Reserved Matters

In these Conditions, **Reserved Matter** means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";
- (e) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (f) to change the definition of "Uniformly Applicable";
- (g) to change the definition of "outstanding" or to modify the provisions of Condition 15.9;
- (h) to change the legal ranking of the Notes;
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10(a);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 21;

- (k) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this Condition 15.5; or
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
  - (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

#### 15.6 Information

- (a) Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 15.2, Condition 15.3 or Condition 15.4, the Issuer shall publish in accordance with Condition 16, and provide the Principal Paying Agent with the following information:
- (b) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (c) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (d) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (e) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 15.1(d)(vii).

#### 15.7 Claims Valuation

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 15.3 and Condition 15.4, the Issuer may appoint a calculation agent (the **Claims Calculation Agent**). The Issuer shall, with the approval of the Aggregation Agent and any appointed Claims Calculation Agent, promulgate the methodology in accordance with which the Claims Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Claims Calculation Agent is appointed, the same person will be appointed as the Claims Calculation Agent for the Notes and each other affected series

of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

**15.8 Manifest error, etc.**

The Notes, these Conditions and the provisions of the Agency Agreement may be amended by the Issuer without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless, in the opinion of the Issuer, it is (i) of a formal, minor or technical nature or (ii) not materially prejudicial to the interests of the Noteholders.

**15.9 Notes controlled by the Issuer**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 15 and (c) Condition 10, any Notes which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer or by any public body owned or controlled, directly or indirectly, by the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to Condition 16.5, which includes information on the total number of Notes which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer or by any public body owned or controlled, directly or indirectly, by the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

**15.10 Publication**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 16.8.

**15.11 Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

**15.12 Written Resolutions and Electronic Consents**

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the **relevant clearing system(s)**), then:

- (a) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:



- (A) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.2, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
- (B) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.3, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);
- (C) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.4, (x) the persons holding at least 66.67 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of (A), (B) and (C), each an **Electronic Consent**) shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of (A) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of (B) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of (C) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the **Relevant Date**) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the **Proposer**) so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to **Relevant Date** shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

- (b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with

its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (d) of Condition 15.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders and Couponholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

## **16. AGGREGATION AGENT; AGGREGATION PROCEDURES**

### **16.1 Appointment**

The Issuer will appoint an aggregation agent (the **Aggregation Agent**) to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

### **16.2 Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

### **16.3 Written Resolutions**

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

### **16.4 Electronic Consents**

If approval of a resolution proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

## **16.5 Certificate**

For the purposes of Condition 16.2 and Condition 16.3, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 15.2, Condition 15.3 or Condition 15.4, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (a) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 15.9 on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

## **16.6 Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 16 to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

## **16.7 Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 16 by the Aggregation Agent and any appointed Claims Calculation Agent or the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent, the Claims Calculation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## **16.8 Manner of publication**

The Issuer will publish all notices and other matters required to be published pursuant to this Condition 16, including any matters required to be published pursuant to Condition 10, Condition 15 and Condition 17:

- (a) on the website of the Abu Dhabi Department of Finance;
- (b) through the systems of Clearstream, Luxembourg, Euroclear, DTC and/or any other international or domestic clearing system(s) through which the Notes are for the time being cleared and otherwise in accordance with Condition 14; and
- (c) in such other places and in such other manner as may be required by applicable law or regulation.

## **17. NOTEHOLDERS' COMMITTEE**

### **17.1 Appointment**

- (a) Holders of at least 25 per cent. of the aggregate principal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:
  - (i) an Event of Default under Condition 10;

- (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;
  - (iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or
  - (iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.
- (b) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 17.1(a), and a certificate delivered pursuant to Condition 17.4, the Issuer shall give notice of the appointment of such a committee to:
- (i) all Noteholders in accordance with Condition 14; and
  - (ii) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities, as soon as practicable after such written notice and such certificate are delivered to the Issuer.

## **17.2 Powers**

Such committee in its discretion may, among other things:

- (a) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;
- (b) adopt such rules as it considers appropriate regarding its proceedings;
- (c) enter into discussions with the Issuer and/or other creditors of the Issuer; and
- (d) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 17.2, such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

## **17.3 Engagement with the committee and provision of information**

- (a) The Issuer shall:
  - (i) subject to Condition 17.3(b), engage with the committee in good faith;
  - (ii) provide the committee with information equivalent to that required under Condition 15.6 and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
  - (iii) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.
- (b) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 17 and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

#### **17.4 Certification**

Upon the appointment of a committee, the person or persons constituting such a committee (the **Members**) will provide a certificate to the Issuer and to the Principal Paying Agent signed by the authorised representatives of the Members, and the Issuer and the Principal Paying Agent may rely upon the terms of such certificate.

The certificate shall certify:

- (a) that the committee has been appointed;
- (b) the identity of the Members; and
- (c) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Principal Paying Agent may rely on conclusively, will be delivered to the Issuer and the Principal Paying Agent identifying the new Members. Each of the Issuer and the Principal Paying Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 17.4 shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 17.3(b).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

#### **18. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes; provided that any additional Notes having the same CUSIP, ISIN or other identifying number of outstanding Notes or any Series must be fungible with such outstanding Notes for U.S. federal income tax purposes if either the outstanding Notes or the additional Notes were or are issued under Rules 144A.

#### **19. CURRENCY INDEMNITY**

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and the Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction or otherwise) by any Noteholder or Couponholder, as the case may be, in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of Specified Currency is less than the amount of Specified Currency expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon, as the case may be, or any other judgement or order.

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

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

## 21. GOVERNING LAW AND DISPUTE RESOLUTION

### 21.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are and shall be governed by, and construed in accordance with, English law.

### 21.2 Agreement to arbitrate

Subject to Condition 21.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes and/or the Coupons (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 London Court of International Arbitration's (the **LCIA**) Rules (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (a) the seat of arbitration shall be London;
- (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 Option to litigate

Notwithstanding Condition 21.2 above, any Noteholder or Couponholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

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

require that a Dispute be heard by a court of law. If any Noteholder or Couponholder 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. 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 relevant Noteholder or Couponholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

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

#### **21.4 Effect of exercise of an option to litigate**

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 Noteholders and the Couponholders only. As a result, and notwithstanding paragraph (a) above, to the extent allowed by law, any Noteholder or Couponholder may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, any Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.

#### **21.5 Appointment of Process Agent**

The Issuer irrevocably appoints First Abu Dhabi Bank PJSC, London Branch at 3rd Floor, 45 Cannon Street, London EC4M 5SB, United Kingdom as its agent for service of process, and agrees that, in the event of First Abu Dhabi Bank PJSC, London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

#### **21.6 Waiver of immunity**

To the extent that the Issuer may in any jurisdiction claim for itself or its revenues, assets or properties which consist of its public and private properties invested in financial, commercial or industrial activities or deposited in banks (**Sovereign Assets**) immunities from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or legal process, in all cases related to the Notes or the Coupons, and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the Issuer hereby irrevocably agrees for the benefit of the Noteholders and the Couponholders not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction. In addition, to the extent that the Issuer or any of its Sovereign Assets shall be entitled in any jurisdiction to any immunity from set-off or any similar right or remedy, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, the Issuer hereby irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with the Notes and the Coupons.

#### **21.7 Other documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general budgetary purposes. If there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



## OVERVIEW OF THE EMIRATE OF ABU DHABI

### INTRODUCTION

Abu Dhabi is one of seven emirates which together comprise the federation that is 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 Qaiwain and Fujairah. Ras Al Khaimah joined the UAE in February 1972. Abu Dhabi city is the capital city of Abu Dhabi as well as of the UAE. The President of the UAE is Sheikh Khalifa bin Zayed Al Nahyan who is also the Ruler of Abu Dhabi.

### LOCATION AND GEOGRAPHY



Abu Dhabi is the largest emirate in the UAE occupying nearly 87 per cent. of the UAE's total area. Mainland Abu Dhabi covers an area of 67,340 square kilometres ( $\text{km}^2$ ) and borders Saudi Arabia to the south and west, Oman to the east and Dubai to the northeast, with the Arabian Gulf forming its northern border. The UAE is located at the tip of the Arabian Peninsula at a latitude of approximately  $23^\circ$  north and a longitude of approximately  $54^\circ$  east.

Sabkha (salt flats) line much of Abu Dhabi's coastline, but inland the emirate comprises sand and gravel desert. To the south, the dunes of the Rub al-Khali (Empty Quarter), the largest sand sea in the world, rise from the flats and stretch for hundreds of miles across Saudi Arabia. Mountainous terrain in the east of Abu Dhabi runs along the Oman border. There are more than 200 islands off Abu Dhabi's coastline, including the island on which Abu Dhabi city is located. The emirate's other principal city is Al Ain, which is based around seven oases on the Oman border.

Abu Dhabi's climate is very dry, with minimal rainfall during winter months. During those months, the temperature averages  $26^\circ$  celsius, although in summer the temperature can reach the high forties celsius with 90 per cent. humidity, particularly on the coast.

### HISTORY

The region in which the UAE is located has a long history. Stone tools from the Early Stone Age have been found along the edge of the Hajar Mountains. Prior to this, the earliest known human occupation for which there is significant evidence dated from the Neolithic period, 5,500 BC, when the climate was wetter and food resources were abundant.

By the end of the second millennium BC, the region had become more settled following the discovery of new irrigation techniques which made possible the extensive watering of agricultural areas.

By the first century AD, overland caravan traffic between Syria and cities in southern Iraq, followed by seaborne travel to the port of Omana (probably present-day Umm al-Qaiwain) and then to India, was an alternative to the Red Sea route used by the Romans.

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

Inland, the arc of villages at Liwa were the focus of economic and social activity for the Bani Yas tribe from before the sixteenth century. By the early 1790s, the town of Abu Dhabi had become such an important pearling centre that the political leader of all the Bani Yas groups, the Sheikh of the Al Bu Falah (Al Nahyan family) moved there from Liwa. Early in the nineteenth century, members of the Al Bu Falasah, a branch of the Bani Yas, settled by the Creek in Dubai and established Maktoum rule in that emirate.

Following the defeat of the Qawasim, the British signed a series of agreements with the sheikhs of the individual emirates that, later augmented with treaties on preserving a maritime truce, resulted in the area becoming known as “The Trucial States”.

The pearling industry thrived during the nineteenth and early twentieth centuries, providing both income and employment to the people of the Gulf coast. Many of the inhabitants were semi-nomadic, pearling in the summer months and tending to their date gardens in the winter. The First World War had a severe impact on the pearling industry, but it was the economic depression of the late 1920s and early 1930s, coupled with the Japanese invention of the cultured pearl, that damaged it irreparably. The industry eventually faded away just after the Second World War, when the newly independent government of India imposed heavy taxation on pearls imported from the Gulf. As a result, the population faced considerable hardship with little opportunity for education and no roads or hospitals.

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. The first commercial oil discovery was made onshore at Bab in 1960 and the first cargo of crude oil was exported from Abu Dhabi in 1963. With revenues growing as oil production increased, Sheikh Zayed bin Sultan Al Nahyan, who was chosen as Ruler of Abu Dhabi, began a programme of construction of schools, housing, hospitals and roads.

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 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 Ruler of Dubai, Sheikh Rashid bin Said 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, as Ruler of Abu Dhabi and President of the UAE. Sheikh Zayed is credited with guiding Abu Dhabi through decades of peace and stability.

## POPULATION

The most recent UAE census for which data has been published was conducted in 2005. Censuses in individual emirates, including Abu Dhabi in 2011, have subsequently been undertaken. All Abu Dhabi population figures set out below for 2010 and subsequent years are estimates based on historic data, including the unpublished census results. The most recent estimate of population for the UAE as a whole was made by the UAE Federal Competitiveness and Statistics Authority (the **FCSA**), which estimated the registered resident population of the UAE to be approximately 9.3 million as at 31 December 2017 of that year. The most recent public estimate of population in Abu Dhabi was made by the Statistics Centre – Abu Dhabi (the **SCAD**), which estimated the usual resident population of Abu Dhabi to be approximately 2.9 million as at 30 June 2016. These estimates are subject to revision when a new census result becomes available.

The populations of both the UAE and Abu Dhabi have grown significantly since 1985, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed. The table below illustrates this growth since 1985, using census data for each of 1985, 1995 and 2005.

## Population of Abu Dhabi and the UAE

	<u>1985</u>	<u>1995</u>	<u>2005</u>	<u>2010</u>	<u>2016/7</u>
Abu Dhabi population .....	566,036	942,463	1,399,484	2,094,480 <sup>(1)</sup>	2,908,173 <sup>(1)</sup>
Total UAE population .....	1,379,303	2,411,041	4,106,427	8,264,070 <sup>(2)</sup>	9,304,277 <sup>(2)</sup>

Notes:

(1) SCAD estimates as at 30 June 2016.

(2) FCSA estimates as at 30 June 2017.

Sources: SCAD (Abu Dhabi population figures) and FCSA (UAE population figures).

## Population of Abu Dhabi

The following table sets out the estimated population of Abu Dhabi as at 30 June in each of the years 2012 to 2016:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Abu Dhabi population .....	2,314,819	2,492,518	2,656,448	2,784,490	2,908,173

Source: SCAD estimate as at 30 June in each year.

Based on SCAD data, Abu Dhabi's population grew by 7.7 per cent. between 30 June 2012 and 30 June 2013, by 6.6 per cent. between 30 June 2013 and 30 June 2014, by 4.8 per cent. between 30 June 2014 and 30 June 2015 and by 4.4 per cent. between 30 June 2015 and 30 June 2016.

In 2016 and based on SCAD estimates, Abu Dhabi had a predominantly young population with 0.9 per cent. being 65 and over and 16.6 per cent. being under the age of 15. The historic annual average growth rate of the population between 2010 and 2016 was 5.6 per cent., with the population of UAE citizens living in Abu Dhabi growing at an annual average rate of 3.9 per cent. and the non-national population growing at an annual average rate of 6.0 per cent. over the period. The population mix in 2016 comprised 19.0 per cent. UAE nationals and 81.0 per cent. non-nationals. The majority of the non-national population is male (with a ratio of 2.01 males to 1 female at 30 June 2016), reflecting the fact that the population principally comprises male migrant workers.

Education and training are an important strategic focus for the emirate. Based on the latest available SCAD data, the literacy level at age 10 and over was 93.8 per cent. for 2016. A key government policy is the creation of jobs for the local population supported by initiatives to educate and motivate young nationals to join the workforce and the private sector. See "*—Strategy of Abu Dhabi*" below.

## GOVERNANCE, LEGISLATION AND JUDICIARY

### Federalism

The relationship between the federal government and the governments of each emirate is laid down in the constitution of the UAE (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.

Abu Dhabi 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 of Abu Dhabi and Dubai make contributions to the federal budget in agreed amounts, see "*Public Finance—Government Finance—Abu Dhabi government budget*" for details of contributions made by Abu Dhabi in past periods. In addition, Abu Dhabi makes contributions to the federal budget to fund security and defence, which are federal responsibilities but are managed by Abu Dhabi, see "*Public Finance—Government Finance—Abu Dhabi government budget—Expenditure*".

### UAE Constitution

The original 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 (which also confirmed the city of Abu Dhabi as the permanent capital of the UAE).

The key principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was assigned exclusively 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. Article 3 of the Constitution states that “the member Emirates shall exercise sovereignty over their own territories and territorial waters in all matters not within the jurisdiction of the Union as assigned in this Constitution”.

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”. Pursuant to Articles 120 and 121 of the Constitution and subject as set out below, 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 conducted through federal ministries, including the Ministries of Foreign Affairs, Defence, Justice, Finance and Economy. These ministries are located in Abu Dhabi. The UAE’s monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank, which is also based in Abu Dhabi. See “*Monetary and Financial System—Monetary and Exchange Rate Policy*”.

The individual emirates are given flexibility in the governance and management of their own emirates. The Constitution also permits individual emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Abu Dhabi 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 Abu Dhabi*” below.

### **Federal Supreme Council**

The UAE is governed by the Supreme Council of the Rulers of all the emirates (the **Supreme Council**). This is the highest federal governing body and consists of the Rulers of the seven emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (who may serve for an unlimited number of renewable five-year terms). Resolutions of the Supreme Council on substantive matters are passed if five or more members vote in favour, provided that the votes of both Abu Dhabi and Dubai are included in the majority. Resolutions on procedural matters are passed by a simple majority.

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 by the Supreme Council as the first President of the UAE in 1971 and was re-elected as President for successive five-year terms until his death in November 2004. The then Ruler of Dubai, Sheikh Rashid bin Said Al Maktoum, was elected as the first Vice-President of the UAE and continued as Vice-President until his death in 1990. Both were succeeded by their Crown Princes, who became Rulers of their emirates and were elected by the members of the Supreme Council to become President, for the Ruler of Abu Dhabi, and Vice-President, for the Ruler of Dubai.

### **Federal Council of Ministers**

The Federal Council of Ministers (the **Cabinet**) is described in the Constitution as “the executive authority” for the federation and is responsible for implementing policy decisions of the Supreme Council. This cabinet of ministers is the principal executive body of the federation, is based in the city of Abu Dhabi and is headed by the Prime Minister. The members of the Cabinet are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister. 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.

### **Federal National Council**

The Federal National Council (the **FNC**) is a parliamentary body which comprises 40 members who are nationals of the UAE. Each emirate appoints members for a particular number of seats based on population and size. Abu Dhabi and Dubai have eight members each, Sharjah and Ras Al Khaimah have six members each and the other emirates have four members each. The nomination of representative members is left to the discretion of each emirate and, according to the Constitution, the members’ legislative term is four calendar years. The members represent the UAE as a whole rather than their individual emirates.

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, 450 candidates stood for election to the 20 elected positions on the FNC, with a total electoral college of 6,689.

The most recent FNC elections were held on 3 October 2015, where 330 candidates stood for election to the 20 elected positions on the FNC, with a voter turnout across the UAE of 79,157, or 35.3 per cent. of an expanded electoral college of 224,279.

The next FNC elections are scheduled to take place in October 2019, with the electoral college expected to total 337,738 Emiratis.

### **Legal and Court System**

There are three primary sources of law in the UAE: federal laws and decrees which are applicable in all seven emirates; local laws and decrees which apply only in the emirate enacting them; and 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 will apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. 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 Abu Dhabi judicial system comprises three tiers: courts of first instance, courts of appeal and a court of cassation, which is a further appeal court that has the power to determine conflicts of jurisdiction between the different courts of the Emirate.

In addition, the Abu Dhabi Global Market (the **ADGM**) was established in 2013 by a federal decree as a financial free zone in Abu Dhabi with its own civil and commercial laws and an independent legal system and regulatory regime. The ADGM courts apply an independent common law framework to adjudicate civil and commercial disputes and are broadly based on the English judicial system. ADGM judges are drawn from leading common law jurisdictions. The foundation of the civil and common law in the ADGM, as applied by the ADGM courts, is English common law, including the rules and principles of equity. A similar financial free zone, the Dubai International Financial Centre, also with its own civil and commercial laws and an independent legal system and regulatory regime, exists in Dubai.

### **EMIRATE OF ABU DHABI**

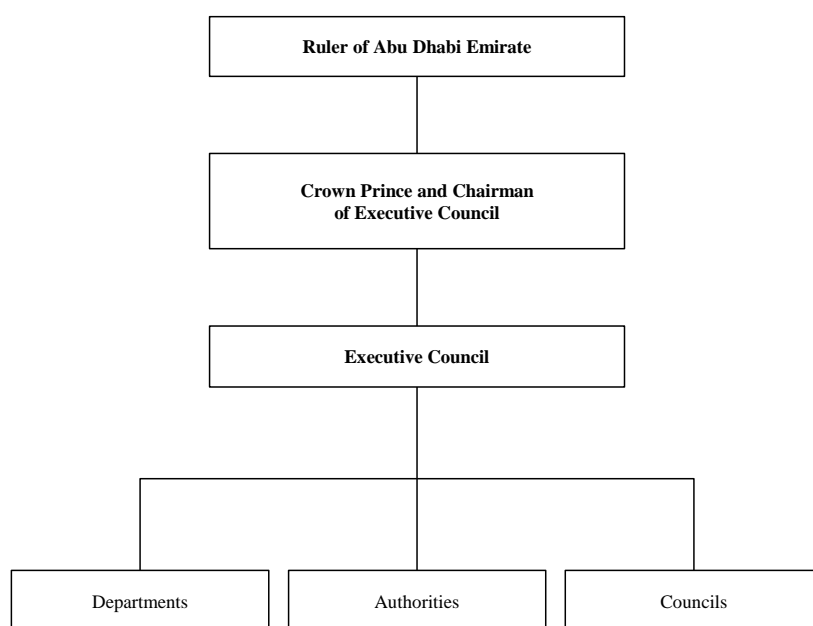
Executive authority in Abu Dhabi is derived from the Ruler, Sheikh Khalifa bin Zayed Al Nahyan, and the Crown Prince, Sheikh Mohamed bin Zayed Al Nahyan. The Crown Prince is also the chairman of the Abu Dhabi Executive Council (the **Executive Council**), which is the principal executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 19 members appointed by the Ruler of Abu Dhabi through an Emiri Decree issued in January 2019.

The Executive Council consists of the General Secretariat of the Executive Council (the **GSEC**), the Executive Affairs Authority (the **EAA**), the Executive Committee and the subcommittees. The GSEC is an administrative body that proposes public policies and strategies to be decided on by the Executive Council. The EAA provides strategic policy advice to the Chairman of the Executive Council. The Executive Committee is tasked with deciding on the projects submitted to the Executive Council. The subcommittees comprise the Economic Development subcommittee, the Social Development subcommittee, the Security, Justice and Safety subcommittee and the Infrastructure and Environment subcommittee.

Abu Dhabi's National Consultative Council (the **National Consultative Council**) undertakes a role similar to that of the FNC, questioning officials and examining and endorsing legislation. The National Consultative Council is chaired by a speaker and has 40 members selected from among the emirate's main tribes and families.

Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Executive Council. Departments manage administration within the emirate and each department manages a specific portfolio. Departments include, for example, the Department of Finance (**DoF**), the Department of Energy, the Department of Transport, the Department of Urban Planning and Municipalities, the Department of Health, the Department of Economic Development, the Department of Education & Knowledge and the Department of Culture & Tourism. Authorities manage the emirate's resources and strategies and include the Accountability Authority, the Higher Corporation for Specialized Economic Zones (**ZonesCorp**) and the Abu Dhabi Media Zone Authority. Councils act as controlling bodies for certain government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards and include the Council for Economic Development and the Regulation and Supervision Bureau for the Water, Wastewater and Electricity Sector in Abu Dhabi.

The chart below summarises the Abu Dhabi government structure.



The government owns or has significant shareholdings in a number of companies. The most important companies wholly owned by the government are:

- ADNOC, which manages all aspects of the emirate's oil and gas industry;
- Mubadala Investment Company (**Mubadala**), which was formed in early 2017 and is the development and investment company leading the government's economic diversification strategy described below under "*—Strategy of Abu Dhabi*" below;
- General Holding Corporation (**Senaat**), an industrial investment holding company with holdings in companies operating in the metals, oil and gas services, construction and building materials and food and beverage manufacturing sectors which operates under the brand name Senaat;
- ADIA and Abu Dhabi Investment Council (**ADIC**), which are the vehicles through which the government has historically invested its surplus hydrocarbon revenues. In 2018, ADIC was restructured to become part of Mubadala;
- Etihad Airways PJSC (**Etihad**), the national airline of the UAE and a key facilitator of the government's tourism strategy. See "*Economy of Abu Dhabi—Principal Sectors of the Economy—Tourism*";

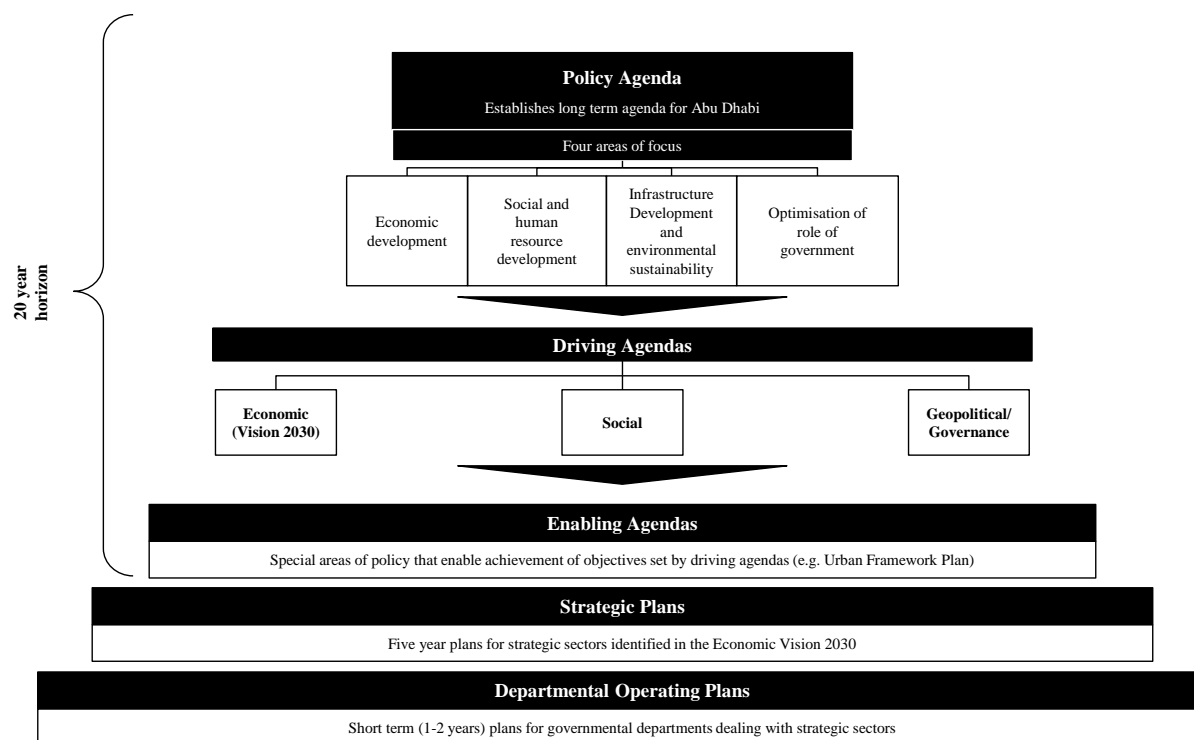
- Abu Dhabi Developmental Holding Company (**ADDHC**), which owns and oversees a portfolio of development-related enterprises in various sectors in Abu Dhabi. See “—*Strategy of Abu Dhabi—Implementation of the Strategy—Other Entities*” below for further information; and
- Abu Dhabi Ports Company PJSC, which is owned by ADDHC and owns, manages and operates 11 ports and terminals in the UAE and Guinea.

Each of these companies is wholly-owned by the government and one or more members of the Executive Council sit on the board of most of these companies. Further information on ADNOC is available under “*Economy of Abu Dhabi—Principal Sectors of the Economy—Oil and Gas—Structure of Abu Dhabi’s Oil Industry*”. Further information on Mubadala is available under “—*Strategy of Abu Dhabi—Implementation of the Strategy*” below. Further information on Senaat is available under “*Economy of Abu Dhabi—Principal Sectors of the Economy—Manufacturing and Industry—Metal industries*”. In addition, see “*Public Finance—Government Finance—Abu Dhabi Government Budget*” and “*Public Finance—Principal Investments*”.

### Strategy of Abu Dhabi

Abu Dhabi’s leaders have a long-term strategy of diversifying Abu Dhabi’s economy away from its reliance on oil and gas as the single major revenue source and with a view to creating conditions that allow Emiratis to participate fully in the wealth of Abu Dhabi. The strategy envisages the government moving away from being a supplier of goods and services, limiting the role of the government to that of a facilitator and an investor in the public facilities and infrastructure needed to fulfil its vision. Accordingly, the private sector and government-owned investment entities like Mubadala are driving the process of diversification.

The government’s strategy was prepared using both a top down and a bottom up approach as illustrated in the diagram below:



From a top down perspective, the government published its Policy Agenda 2007-2008 (the **Policy Agenda**) which established overall, long-term policy agendas to drive economic, social and geopolitical/governance change. The Policy Agenda established four priority areas of focus aimed at ensuring that the high-level guidelines for Abu Dhabi’s socio-economic development are met:

- economic development;
- social and human resources development;

- infrastructure development and environmental sustainability; and
- optimisation of the role of government in the future of the emirate.

These priority areas formed the basis of the enabling agendas identified in the diagram above.

Drawing on the Policy Agenda, in January 2009 the government published its Abu Dhabi Economic Vision 2030 (the **2030 Economic Vision**) which developed the government’s strategic vision in relation to the economic change over the period to 2030 in line with the vision articulated in the Policy Agenda. Similar strategies were also developed in relation to the agendas for social and geopolitical/governance change identified in the Policy Agenda.

The government also adopted certain enabling agendas to ensure that the policy goals set out in the Policy Agenda are achieved. The enabling agendas focused on, among other things, fiscal and monetary policy and trade, human capital, infrastructure and utilities, and services. The Plan Capital 2030: Urban Structure Framework Plan prepared by the Abu Dhabi Urban Planning Council (the **Abu Dhabi Urban Structure Plan**) set out the enabling agenda for infrastructure and utilities for the city of Abu Dhabi and its surrounding areas. Similar plans were also prepared in relation to the emirate’s other two regions, the eastern region (Al Ain and its surroundings) and the western region (known as Al Gharbia).

Enabling agendas in turn set the framework for a number of medium-term (5 year) strategic plans prepared in relation to each of the strategic sectors identified in the 2030 Economic Vision (see “—2030 Economic Vision” below) and for each of the principal government departments responsible for those sectors. The strategic plans for each sector were prepared on the basis of a bottom up approach following in depth analysis of each sector and consultations with the key enterprises involved in each sector. These medium-term plans are reviewed regularly to ensure that they adapt to changing circumstances and, in turn, allow the development of short-term (1–2 year) operating plans by the relevant governmental departments.

The principal vehicles for implementing the Policy Agenda and the 2030 Economic Vision are the government’s wholly-owned companies including, in particular, Mubadala. The government believes that the use of wholly-owned companies to implement its strategy has multiple benefits, including higher levels of accountability as the companies are required to adopt high corporate governance standards, cost effectiveness as the companies have been able to raise significant funds from the private sector and significant knowledge transfer and employment opportunities for UAE nationals from the joint ventures entered into by these companies with foreign partner companies.

Abu Dhabi’s strategy is flexible and can be adapted to changes in the macro-economic environment. One example of this is the renewable energy and sustainable development project located near Khalifa City on the outskirts of Abu Dhabi (the **Masdar Initiative**), which has been significantly revised over time, particularly in the period following the global economic crisis. For further information about the Masdar Initiative, see “*Economy of Abu Dhabi—Principal Sectors of the Economy—Manufacturing and Industry—Renewable Energy and Sustainable Development*”. Another example is the AED 50 billion stimulus package announced by the Crown Prince of Abu Dhabi in June 2018. This programme aims to accelerate Abu Dhabi’s transition to a competitive and productive economy by 2021. The programme is based on four pillars, with:

- more than 30 economic initiatives based around the themes of private sector incentivisation, SME support, increased transparency and engagement, and business environment competitiveness;
- more than 15 knowledge initiatives based around the themes of research and development, technology hub, attracting technology talent, and attracting technology companies;
- more than 10 social initiatives based around the themes of education and employment, social support, housing and communities, and civil society; and
- more than 45 livability initiatives based around themes that include mobility, nature, healthy and sustainable lifestyle, marketing, and smart city.

Among other matters, the programme aims to:

- implement an instant licensing system for most commercial license types provided by the government;



- accelerate the settlement of payments due on contracts for the private sector, tax reductions to stimulate tourism and increased events and destination marketing;
- establish the Abu Dhabi Accelerators and Advanced Industries Council to attract and support value added investments and technologies; and
- provide at least 10,000 jobs for Emiratis in the private and public sectors over the next five years.

The initiatives also focus on boosting, empowering and supporting small and medium-sized enterprises (SMEs) and supporting private companies operating in the tourism and industrial sectors.

In addition, ADNOC has introduced an In-Country Value (ICV) programme for its suppliers. This procurement-led initiative aims to boost ADNOC's ICV contribution by focusing on local supplier selection, development of UAE nationals and the localisation of critical functionalities in the oil and gas industry. The ICV programme aims to support the economy through diversification, building additional industrial clusters, Emiratisation and strategic localisation of its supply chain. ADNOC's ICV programme is a five-year plan and is expected to localise around 40 per cent. of its total awarded contracts, which are estimated to be approximately U.S.\$132 billion in total, reflecting the expected investment in downstream and capacity expansion projects, which amounts are expected to be funded through a combination of ADNOC's own funds and borrowings. It aims to create opportunities for both international and local businesses to further participate in ADNOC's projects and revitalise the domestic non-oil sector. It is also an extension of ADNOC 2030 strategy discussed under "*Economy of Abu Dhabi—Principal sectors of the economy—Oil and Gas—Structure of Abu Dhabi's Oil Industry—Supreme Petroleum Council (SPC)*".

Set out below is a summary of the Policy Agenda, the 2030 Economic Vision and the Abu Dhabi Urban Structure Plan and a section providing further detail and examples of the manner in which the strategy is being implemented.

### ***Policy Agenda***

The Policy Agenda was published by the Executive Council and outlines the key goals and government initiatives in development across a range of authority and departmental portfolios in the emirate. It identifies the role public and private entities will play in the further social and economic development of the emirate and identifies opportunities for the private sector to engage with the public sector. To this end, the Policy Agenda sets out the four priority areas of focus listed above: economic development; social and human resources development; infrastructure development and environmental sustainability; and optimisation of the role of government in the future of the emirate. Each of these priority areas is underpinned by nine pillars of policy intended to form the architecture of the emirate's social, political and economic future. These nine pillars are:

- establishing a large empowered private sector;
- developing a sustainable knowledge-based economy;
- creating an optimal and transparent regulatory framework;
- continuing the emirate's strong and diverse international relationships;
- optimising the emirate's resources;
- establishing a premium educational, healthcare and infrastructure asset base;
- ensuring international and domestic security;
- maintaining Abu Dhabi's values, culture and heritage; and
- contributing in a significant and ongoing manner to the federation of the UAE.

*Economic Development: The strategy for economic development focuses on three core areas:*

- *an economy-wide effort to raise productivity*, including expansion of the private sector through privatisation and public private partnerships, the creation of the Abu Dhabi Council for Economic Development to support ongoing dialogue between the government and the private sector, the adoption of asset-clustering strategies, whereby a sector will be supported by a cluster of goods and services providers within and around the sector to help the development and success of the sector, to help achieve an efficient and diversified economy (the initial clusters being basic industries and petrochemicals, real estate and tourism, aviation and logistics) and the establishment of ZonesCorp to promote and manage specialised economic and industrial zones and provide infrastructure to stimulate non-oil economic sectors. Two examples of significant achievements in this area include (i) the establishment of Emirates Aluminium Park, an aluminium-related cluster at Al Taweelah of which Emirates Aluminium Company Limited PJSC (**EMAL**) and Al Taweelah Alumina are major elements and (ii) the aviation businesses owned by Mubadala, see “—*Implementation of the Strategy—Mubadala*” below;
- *diversifying the energy sector and the economy*, with a focus on strengthening downstream (refining, transportation and distribution) capabilities through the application of better processes, products and technologies, expanding the proportion of value-added exports such as refined and semi-refined products in the petrochemicals sector in particular, pursuing geographic diversification through strategic investments in upstream and downstream hydrocarbon assets outside the UAE, principally through Mubadala, see “—*Implementation of the Strategy—Mubadala*” below, and leveraging Abu Dhabi’s activities in the hydrocarbon sector to diversify into new industrial activities, principally through Mubadala, see “—*Implementation of the Strategy—Mubadala*” below. In addition, Mubadala is responsible for the Masdar Initiative which aims to support and capitalise on the government’s pledge that seven per cent. of Abu Dhabi’s installed power capacity will come from renewable sources by 2020 and, separately, Emirates Nuclear Energy Corporation (**ENEC**), a wholly-owned government company, is developing a nuclear power station in Abu Dhabi, see “*Economy of Abu Dhabi—Principal Sectors of the Economy—Manufacturing and Industry—Renewable Energy and Sustainable Development*” and “*Economy of Abu Dhabi—Infrastructure—Energy and Water*”, respectively; and
- *development of a high-end tourism market*. The Abu Dhabi tourism strategy is being implemented by the Department of Culture and Tourism. The strategy focuses on three main areas: marketing Abu Dhabi globally as a tourist destination; developing a tourism infrastructure and upgrading the emirate’s tourist attractions and services; and overseeing the tourism sector including in terms of licensing and quality control. Etihad is a key facilitator of this strategy. See “*Economy of Abu Dhabi—Principal Sectors of the Economy—Tourism*”.

*Social and Human Resources:* The government is focusing on developing its human and social capital through improvements in education and healthcare, effective management of labour resources, raising standards in the civil service, increasing the awareness of UAE nationals of their culture and heritage and improvements in food safety, hygiene and quality. Mubadala has a significant role in the education and healthcare sectors in particular. See further, “—*Implementation of the Strategy—Mubadala*” below.

*Infrastructure and the Environment:* The government is also focusing on improvements particularly in the fields of urban planning, transport, the environment, health and safety, municipal affairs and police and emergency services.

*Government Sector:* Finally, the government sector restructuring envisaged in the Policy Agenda was undertaken and completed in 2008 to increase local government’s efficiency and effectiveness by delivering services based on transparent, consistent and coherent policies and processes.

### **2030 Economic Vision**

Based on the principles set out in the Policy Agenda, in January 2009, the government announced a long-term vision to turn the emirate into a knowledge-based economy and reduce its dependence on the oil sector. The 2030 Economic Vision was designed as a comprehensive plan to diversify the emirate’s economy and grow the contribution of the non-oil sector significantly by 2030. It examined the then current economic environment in

Abu Dhabi and identified key areas for improvement in order to achieve the goals laid out in the Policy Agenda. The 2030 Economic Vision identified two underlying economic policy priorities: the need to build a sustainable economy and the need to ensure that social and regional development is balanced to bring the benefits of economic growth and well-being to the entire population of the emirate.

For both of these economic policy priorities, a number of specific core economic objectives have been identified. These include enhancing competitiveness, productivity and diversification which is intended to reduce the volatility of growth; enlarging the enterprise base by encouraging entrepreneurs, small enterprises and foreign direct investment; and enabling the development of new national champion enterprises to act as economic anchors. In addition, to ensure that social and regional development reaches all sections of society, the 2030 Economic Vision envisaged action to enable the emirate's youth to enter the workforce, to maximise the participation of women and to continue to attract skilled labour from abroad.

In addition to the economic policy priorities and the core economic objectives, seven areas of specific economic focus have been identified, each having additional specific objectives that must be achieved in order for the government's stated economic vision to be realised. The seven areas of economic focus are:

- building an open, efficient, effective and globally integrated business environment;
- adopting a disciplined fiscal policy that is responsive to economic cycles;
- establishing a resilient monetary and financial market environment with manageable levels of inflation;
- driving significant improvements in the labour market;
- developing a sufficient and resilient infrastructure capable of supporting the anticipated economic growth;
- developing a highly skilled and highly productive workforce; and
- enabling financial markets to become the key financiers of economic sectors and projects.

The 2030 Economic Vision aims to achieve its goals by focusing resources on 12 sectors to drive Abu Dhabi's future growth. These sectors are:

- oil and gas;
- petrochemicals;
- metals;
- aviation, aerospace and defence;
- tourism;
- telecommunication services;
- financial services;
- education;
- healthcare equipment and services;
- pharmaceuticals, biotechnology and life sciences;
- transportation, trade and logistics; and
- media.

The 2030 Economic Vision seeks to grow Abu Dhabi's GDP significantly. This growth is not expected to be consistent throughout the period as different economic cycles and the fluctuation in oil prices will mean that rates of growth will vary from time to time and such variations may be material from one economic period to another. The government also intends to foster non-oil GDP growth. These economic gains are expected to be achieved with the support of a sound monetary and fiscal policy designed to support Abu Dhabi's businesses in increasingly competitive global markets. However, no assurance can be given that these economic gains will be achieved as anticipated or at all. See "*Cautionary Statement Regarding Forward Looking Statements*" at the beginning of this Base Prospectus.

The 2030 Economic Vision is also intended to evolve as the government assesses the completion of the its goals and the adapts the objectives from time to time in line with its economic policy priorities and core economic objectives.

### ***Urban Structure Plans***

In September 2007, the Executive Affairs Authority published the Abu Dhabi Urban Structure Plan, a significant urban planning initiative intended to articulate an urban plan to guide the evolution of the city of Abu Dhabi to the year 2030. The Abu Dhabi Urban Structure Plan set an environmental context within which urban development should be undertaken, confirmed an urban structure of land use, transportation, open space, built form and national capital arrangements. It did not provide specifications for any particular site, but rather guiding principles for the overall development of the city of Abu Dhabi. Similar plans have also been prepared for the eastern and western regions of Abu Dhabi. Together, these plans cover the entire emirate.

The Abu Dhabi Urban Structure Plan anticipated two distinct phases of development. The initial phase focused on establishing the structural framework for future growth, such as transit and infrastructure, and addressed areas of acute pressure. The two principal developments undertaken in this phase were the Abu Dhabi Global Market development on Al Maryah Island and the development of the Capital District. The second phase extends from 2015 to 2030 and is principally concerned with accommodating an expanding economy and population through the development of higher density housing and the expansion of development within the industrial areas.

The Abu Dhabi Urban Structure Plan recommended supplementing existing areas of the city with a number of new, distinct zones and expanding the city's transport system into a multi-layered network that connects the downtown core with new growth nodes and the developed islands. The aim of the Abu Dhabi Urban Structure Plan was to allow the city to expand through sustainable development, with controlled growth and coordinated development. Sustainability under the Abu Dhabi Urban Structure Plan was envisaged to revolve around the natural environment, economic development and cultural heritage.

Although the emirate has an abundance of fossil fuels, the Abu Dhabi Urban Structure Plan recognised this as a finite resource and regarded diversification of the economy as necessary. The Abu Dhabi Urban Structure Plan promoted capitalising on the region's natural supply of solar and wind power to augment its fossil fuel driven economy. It also sought to monitor carefully the balance between supply and demand of real estate in order to try to avoid sudden market corrections.

### ***Implementation of the Strategy***

The government's strategy is principally being implemented through wholly-owned companies, the principal example of which is Mubadala.

#### ***Mubadala***

In January 2017, Mubadala was established as a company that is wholly-owned by the government pursuant to a law issued by the Ruler of Abu Dhabi. This law also effected the transfer of the government's 100 per cent. shareholdings in each of Mamoura Diversified Global Holding PJSC (**MDGH**) (previously known as Mubadala Development Company PJSC) and International Petroleum Investment Company PJSC (**IPIC**) to Mubadala. Mubadala is a global investment business focused on sustainable financial returns to realise the government's vision for a globally integrated and diversified economy.

Mubadala and its subsidiaries operate through four investment platforms of significant scale:

- Petroleum & Petrochemicals, which includes Compañía Española de Petróleos (**CEPSA**), NOVA Chemicals Corporation and Borealis AG (**Borealis**), the businesses within Mubadala Petroleum and Dolphin Energy (see "*Economy of Abu Dhabi—Principal Sectors of the Economy—Oil and Gas—Dolphin Gas Project*") that operate across the hydrocarbon value chain. The strategy within the

Petroleum & Petrochemicals investment platform is to focus on creating a unified culture across the platform with a view to identifying and exploiting synergies across the businesses. Over time, the intention is to evolve from an operational to an investment focus, with an increased appetite to realise value at the right time and identify value creation opportunities wherever possible;

- Alternative Investments & Infrastructure, which is organised across three business units: Mubadala Real Estate & Infrastructure, Mubadala Healthcare and Mubadala Capital. The Alternative Investments & Infrastructure investment platform's strategy is to focus on two key priorities: continuing to invest in companies that generate attractive yields and continuing to be a value investor, seeking to deploy capital in relation to undervalued assets with significant strategic growth potential. This includes managing the investments through the asset lifecycle with view to monetising them at the right time and for the best price;
- Technology, Manufacturing & Mining, which comprises three business sectors and focuses on building world-class technology, metals & mining and agribusiness investments; and
- Aerospace, Renewables & Information & Communications Technology, which has strategic investments across five sectors: Aerospace, Renewables, ICT, Utilities and Defence Services. The platform incorporates 25 businesses which are predominantly home grown, globally recognised companies operating in growth industries.

In March 2018, the government issued a law restructuring ADIC to become part of Mubadala. ADIC is focused on private assets; its investment strategy is similar to the major endowments' model of investing and its business performance is benchmarked to the market. Since its inception, ADIC's global investment strategy has been to pursue strong risk-adjusted returns across the entire capital structure, from global illiquid private to liquid public asset classes while preserving capital. Locally, ADIC is a major investor in Abu Dhabi's financial services sector, holding significant positions within a number of the emirate's key institutions. The addition of ADIC was a transformational step, strengthening Mubadala's position as an active investor across all asset classes.

In August 2019, Mubadala announced that as at 31 December 2018 its pro forma assets under management, including consolidated ADIC holdings, amounted to AED 841 billion and its pro forma total comprehensive income was AED 12.5 billion in 2018.

#### *Other entities*

A range of other government-owned entities are also involved in the implementation of the strategy, including Abu Dhabi Airports Company (**ADAC**), see "*Economy of Abu Dhabi—Infrastructure—Ports and Airports*", Etihad, see "*Economy of Abu Dhabi—Principal Sectors of the Economy—Tourism*", ENEC, see "*Economy of Abu Dhabi—Infrastructure—Energy and Water*" and Senaat, see "*Economy of Abu Dhabi—Principal Sectors of the Economy—Manufacturing and Industry*".

In addition, ADDHC was established by Abu Dhabi Law No. 02 of 2018 as a public joint stock company wholly owned by the Government. ADDHC is mandated to owning and overseeing a portfolio of development-related enterprises in various sectors in Abu Dhabi such as Transport & Logistics, Utilities & Industries, Real Estate & Service Industry, and Healthcare. Today, the ADDHC portfolio consists of the following companies and entities:

- Abu Dhabi Ports Company PJSC;
- Abu Dhabi Media Company PJSC;
- Abu Dhabi Airports Company PJSC;
- Modon Properties PJSC;
- Abu Dhabi Health Services Co (PJSC) (SEHA) – PJSC;
- National Health Insurance Company – Daman – PJSC;

- Abu Dhabi National Exhibition Company PJSC (ADNEC);
- Abu Dhabi Sewerage Services Company PJSC – ADSSC;
- Abu Dhabi General Services Company PJSC (Musanada);
- twofour54 FZ-LLC and its affiliates;
- Etihad Rail PJSC;
- Higher Corporation for Specialized Economic Zones (Zonescorp); and
- Abu Dhabi Power Corporation PJSC.

ADDHC plays a crucial role in improving the services of its portfolio while aiming to:

- improve efficiency and scalability in business operations;
- reinforce accountability across organisations;
- enhance national capabilities and build a culture of performance across entities;
- increase social and corporate governance standards; and
- contribute to society at large.

To deliver on these objectives, ADDHC utilises value-creation opportunities across its portfolio in terms of setting strategic guidance, sharing global best practices and building an efficient performance management framework.

### **International Relations**

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

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance cooperation and to resolve disagreement through the pursuit of dialogue. Thus one of the central features of the UAE's foreign policy has been the development of closer ties with its neighbours in the Arabian Peninsula. The Cooperation Council for the Arab States of the Gulf (formerly known as the Gulf Cooperation Council, the **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 December 2009, the UAE entered into a bilateral agreement with the United States for peaceful nuclear co-operation which establishes the 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 also an active participant in a number of multi-lateral aid-giving institutions, including the International Bank for Reconstruction and Development (the **World Bank**), the 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 other international organisations including, among others, the GCC, the United Nations, the League of Arab States, the Organisation of Islamic Countries, the Organisation of Arab Petroleum Exporting Countries, the Organisation of the Petroleum Exporting Countries (**OPEC**), the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia-Pacific Economic Co-operation.

The UAE has an ongoing dispute with Iran and continuing discussions with Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iran. The UAE believes that the islands should be returned to Sharjah which claims sovereignty over them and is seeking to resolve the dispute through negotiation. In 2011, the UAE participated, along with other GCC nations, in a peacekeeping mission aimed at restoring security in the Kingdom of Bahrain. Since 2015, the UAE has been a member of a military force led by the Kingdom of Saudi Arabia (and supported by the United States of America) to support the internationally recognised government in Yemen against an insurgency led by Houthi tribesmen.

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 relating to a maritime corridor which Qatar has purported to grant to Saudi Arabia, from within Qatar's own maritime waters. This corridor crosses part of the route of the Dolphin gas pipeline between Qatar and the UAE, which the UAE considers to be a breach of pre-existing agreements between Qatar and the UAE.

In June 2017, three GCC countries, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen, severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on Qatar. The stated rationale for such actions was Qatar's support of terrorist and extremist organisations and Qatar's interference in the internal affairs of other countries. There can be no assurance as to when diplomatic relations will be restored or air, land and sea connections reopened with Qatar.

## ECONOMY OF ABU DHABI

### INTRODUCTION

With approximately 6 per cent. of the world's proven oil reserves (which were 1,498 billion barrels according to OPEC at 31 December 2018) and approximately 3 per cent. of the world's natural gas reserves (which were 203,229 billion standard cubic metres according to OPEC at 31 December 2018), the UAE's hydrocarbon wealth, coupled with a small population, gives it a high GDP per capita ratio and the highest oil reserves per capita in the world based on OPEC data. In each of the five years from 2014 to 2018 (inclusive) Abu Dhabi produced on average between 3.0 and 3.3 million barrels of crude oil (including condensates) per day (**million b/d**).

Since it first began exporting oil in the 1960s, Abu Dhabi has accumulated significant income from hydrocarbon exports, much of which is invested by ADIA. See "*Public Finance—Principal Investments*". The government has in the past also committed significant funds to companies which are wholly-owned by it. Income earned by ADIA and these other companies and investments made or disposed of by them are not included in the public finance statistical information published by Abu Dhabi. See "*Public Finance—Government Finance—Abu Dhabi Government Budget*".

Abu Dhabi's long-term economic development strategy (as articulated in the 2030 Economic Vision) envisages a process of diversification away from reliance on crude oil exports and includes substantial new investment in both the oil and gas sector as well as in a range of other industries and sectors listed in the 2030 Economic Vision.

In addition to a number of ongoing upstream and downstream hydrocarbon projects, the government, through Mubadala and other wholly-owned companies, has made significant investments in international oil and gas assets, in the aluminium and steel industries, in the aerospace industry, in the semiconductor manufacturing industry, in alternative energy development, in the development of healthcare and education facilities, in financial and other services and in information, communications and technology, among other sectors. Investment in these sectors is ongoing, adapted to the substantial completion of certain key investments and the maturing of certain of these sectors from an initial investment phase to ongoing operations of key assets and infrastructure.

In addition, as part of its drive to promote tourism and real estate, the Department of Culture and Tourism (the **DC**T) has substantially completed a number of large scale development projects and continues to execute other projects in line with current investment plans. See "*—Tourism*" below. These projects are being served by an improved transport infrastructure, including a new midfield terminal building for Abu Dhabi International Airport (which is nearing completion) and a cruise ship terminal at Mina Zayed. See "*—Infrastructure—Ports and Airports*" below.

### GROSS DOMESTIC PRODUCT

*All Abu Dhabi and UAE GDP information for 2018 in this document is a preliminary estimate and may be revised in the future. GDP figures for Abu Dhabi and the UAE for 2017 and earlier years may also be revised when final GDP information for 2018 is published.*

#### Nominal GDP

Abu Dhabi's economy was adversely affected by a prolonged decline in oil prices since mid-2014. Reflecting this, Abu Dhabi's nominal GDP for 2015 was AED 778,501 million, a fall of 18.9 per cent. from 2014 and its nominal GDP for 2016 was AED 760,396 million, a fall of 2.3 per cent. from 2015, in both cases principally reflecting low oil prices which were offset in part in 2016 by increased production. Abu Dhabi's nominal GDP grew by 7.0 per cent. in 2017 and by 14.4 per cent. in 2018, in each case compared to the prior year, principally reflecting recovering oil prices.

Abu Dhabi's nominal GDP per capita, which was approximately AED 261,000 in 2016 (based on the latest available SCAD population estimate which was made as at 30 June 2016), is among the highest in the world. The oil and gas industry continues to be the major sector of Abu Dhabi's economy and contributed 40.4 per cent. to nominal GDP in 2018.

The table below shows Abu Dhabi's nominal GDP, its percentage growth rate, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

2014	2015	2016	2017	2018
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	<b>(AED millions, except percentages)</b>				
Abu Dhabi nominal GDP.....	960,146	778,501	760,396	813,623	931,035
Percentage change in Abu Dhabi nominal GDP ...	3.0	(18.9)	(2.3)	7.0	14.4
UAE nominal GDP .....	1,480,521	1,315,251	1,311,248	1,387,107	1,521,072
Abu Dhabi as a percentage of UAE .....	64.9	59.2	58.0	58.7	61.2

Sources: SCAD (for Abu Dhabi nominal GDP) and FCSA (for UAE nominal GDP only)

In the first quarter of 2019, the preliminary estimate of Abu Dhabi's seasonally adjusted nominal GDP was AED 226,039 million, 3.3 per cent. higher than in the same quarter of 2018 and 6.9 per cent. lower than in the fourth quarter of 2018. Abu Dhabi's nominal GDP, particularly the hydrocarbon component, demonstrates significant volatility on a quarterly basis.

Abu Dhabi's GDP is generated principally by the hydrocarbon sector (mining and quarrying), which contributed 50.6 per cent. of nominal GDP in 2014, 35.1 per cent. in 2015, 31.7 per cent. in 2016, 34.1 per cent. in 2017 and 40.4 per cent. in 2018. The contribution of the hydrocarbon sector in nominal terms is materially affected by the prevailing level of oil prices. Outside the hydrocarbon sector, the principal contributors to Abu Dhabi's nominal GDP in each of 2014, 2015, 2016, 2017 and 2018 have been:

- construction (which accounted for 9.2 per cent. of Abu Dhabi's nominal GDP in 2018);
- financial and insurance activities (which accounted for 8.4 per cent. of Abu Dhabi's nominal GDP in 2018);
- public administration and defence, compulsory social service (which accounted for 7.0 per cent. of Abu Dhabi's nominal GDP in 2018);
- manufacturing (which accounted for 6.7 per cent. of Abu Dhabi's nominal GDP in 2018);
- wholesale and retail trade, repair of motor vehicles and motorcycles (which accounted for 5.0 per cent. of Abu Dhabi's nominal GDP in 2018); and
- real estate activities (which accounted for 4.9 per cent. of Abu Dhabi's nominal GDP in 2018).

Together, these non-hydrocarbon sectors accounted for 33.5 per cent. of nominal GDP in 2014, 44.0 per cent. in 2015, 47.1 per cent. in 2016, 45.4 per cent. in 2017 and 41.1 per cent. in 2018.

The following table shows Abu Dhabi's nominal GDP by economic activity and by percentage contribution for each of the years indicated.

Sector	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
Agriculture, forestry and fishing .....	5,517	0.6	5,699	0.7	5,932	0.8	6,454	0.8	6,706	0.7
Mining and quarrying (includes crude oil and natural gas).....	485,469	50.6	273,078	35.1	241,148	31.7	277,067	34.1	375,935	40.4
Manufacturing.....	51,900	5.4	50,324	6.5	49,842	6.6	54,500	6.7	62,000	6.7
Electricity, gas and water supply; waste management activities.....	23,765	2.5	29,831	3.8	30,524	4.0	35,154	4.3	35,560	3.8
Construction.....	83,812	8.7	88,782	11.4	85,306	11.2	84,845	10.4	85,841	9.2
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	37,187	3.9	41,038	5.3	47,671	6.3	47,052	5.8	46,172	5.0
Transportation and storage .....	36,166	3.8	37,065	4.8	27,624	3.6	25,852	3.2	26,894	2.9
Accommodation and food service activities .....	9,013	0.9	9,244	1.2	9,828	1.3	10,209	1.3	10,238	1.1
Information and communication .....	20,643	2.1	21,293	2.7	22,261	2.9	23,826	2.9	24,801	2.7
Financial and insurance activities.....	61,331	6.4	68,555	8.8	73,244	9.6	74,547	9.2	77,922	8.4
Real estate activities .....	35,972	3.7	41,177	5.3	46,814	6.2	47,020	5.8	45,297	4.9
Professional, scientific and technical activities....	18,545	1.9	19,016	2.4	19,467	2.6	18,931	2.3	19,820	2.1
Administrative and support service activities .....	10,173	1.1	10,811	1.4	12,047	1.6	11,833	1.5	12,380	1.3
Public administration and defence, compulsory social security .....	51,620	5.4	52,383	6.7	55,309	7.3	61,358	7.5	65,261	7.0
Education .....	11,463	1.2	11,719	1.5	13,214	1.7	14,185	1.7	14,975	1.6
Human health and social work activities .....	11,224	1.2	11,604	1.5	12,560	1.7	12,500	1.5	12,435	1.3
Arts, recreation and other service activities .....	2,294	0.2	2,381	0.3	2,563	0.3	2,717	0.3	2,750	0.3
Activities of households as employers .....	4,052	0.4	4,502	0.6	5,042	0.7	5,573	0.7	6,047	0.6
<b>Total nominal GDP .....</b>	<b>960,146</b>	<b>100.0</b>	<b>778,501</b>	<b>100.0</b>	<b>760,396</b>	<b>100.0</b>	<b>813,623</b>	<b>100.0</b>	<b>931,035</b>	<b>100.0</b>

Source: SCAD

## Real GDP

In common with general practice among hydrocarbon-producing countries, Abu Dhabi's real GDP is calculated using hydrocarbon prices from a base year (in Abu Dhabi's case, 2007). This eliminates the effect of volatile price changes in hydrocarbon products on real hydrocarbon GDP and instead shows only the effects of production changes. The production figures that are included in the calculation of hydrocarbon real GDP include both oil and gas production, as well as the production of certain related products. Certain production information is set out under "*Balance of Payments and Foreign Trade—Foreign Trade—Hydrocarbon Exports*", although this data does not necessarily cover all items that are included in Abu Dhabi's hydrocarbon real GDP calculations.

Abu Dhabi's real GDP grew at annual rates of 4.4 per cent. and 4.9 per cent. in 2014 and 2015. The growth slowed to 2.6 per cent. in 2016, turned negative at minus 0.9 per cent. in 2017 and was 1.9 per cent. in 2018. The tables below show the growth rates in Abu Dhabi's real GDP by the hydrocarbon sector and the non-hydrocarbon sector for each of the years indicated.

	2014	2015	2016	2017	2018
	(per cent.)				
Abu Dhabi hydrocarbon real GDP growth.....	0.5	4.4	2.7	(2.9)	3.4
Abu Dhabi non-hydrocarbon real GDP growth ....	8.6	5.5	2.4	0.9	0.6
Abu Dhabi total real GDP growth.....	4.4	4.9	2.6	(0.9)	1.9

Source: SCAD

In the first quarter of 2019, the preliminary estimate of Abu Dhabi's seasonally adjusted real GDP was AED 207,192 million, 5.7 per cent. higher than in the same quarter of 2018 and 2.0 per cent. higher than in the fourth quarter of 2018.

Real growth in the hydrocarbon sector has been driven principally by production changes. The non-hydrocarbon sector of the economy grew strongly in 2014 and 2015, with real GDP growth rates for that sector being 8.6 per cent. and 5.5 per cent., respectively, in those years. Real GDP growth for the non-hydrocarbon sector slowed to 2.4 per cent. in 2016, 0.9 per cent. in 2017 and 0.6 per cent. in 2018, principally reflecting continued corporate restructuring, a slow down in government investment, declining real estate prices and construction activity and tightening fiscal conditions, in part due to rising U.S. interest rates which strengthened the U.S. dollar.

The tables below show Abu Dhabi's real GDP, its percentage growth rate, the UAE's real GDP and the percentage contribution of Abu Dhabi's real GDP to the UAE's real GDP for each of the years indicated.

	2014	2015	2016	2017	2018
	(AED millions, except percentages)				
Abu Dhabi real GDP (constant 2007 prices).....	733,825	770,011	789,716	782,289	797,278
Percentage change in Abu Dhabi real GDP .....	4.4	4.9	2.6	(0.9)	1.9
UAE real GDP (constant 2010 prices).....	1,302,636	1,369,148	1,411,057	1,417,983	1,442,463
Abu Dhabi as a percentage of UAE.....	56.3	56.2	56.0	55.2	55.3

Sources: SCAD (for Abu Dhabi real GDP) and FCSA (for UAE real GDP only)

The fastest growing sectors between 2014 and 2018 were:

- activities of households as employers, with a compound annual growth rate of 7.53 per cent.;
- accommodation and food service activities, with a compound annual growth rate of 5.67 per cent.;
- information and communication, with a compound annual growth rate of 5.25 per cent.;
- manufacturing, with a compound annual growth rate of 5.03 per cent.;
- education, with a compound annual growth rate of 4.86 per cent.;
- real estate activities, with a compound annual growth rate of 4.55 per cent.; and

- financial and insurance activities, with a compound annual growth rate of 4.51 per cent.

The following tables show Abu Dhabi's real GDP by economic activity and by percentage contribution, as well as the annual growth rate, for each of the years indicated.

Sector	2014			2015			2016			2017			2018		
	(AED millions)	(%)	(2014 compare d to 2013, % change)	(AED millions)	(%)	(2015 compare d to 2014, % change)	(AED millions)	(%)	(2016 compare d to 2015, % change)	(AED millions)	(%)	(2017 compare d to 2016, % change)	(AED millions)	(%)	(2018 compare d to 2017, % change)
Agriculture, forestry and fishing .....	5,009	0.7	0.6	5,084	0.7	1.5	5,240	0.7	3.1	5,479	0.7	4.6	5,945	0.7	8.5
Mining and quarrying (includes crude oil and natural gas).....	363,172	49.5	0.5	379,067	49.2	4.4	389,270	49.3	2.7	378,041	48.3	(2.9)	390,754	49.0	3.4
Manufacturing.....	40,481	5.5	6.6	42,791	5.6	5.7	44,140	5.6	3.2	46,506	5.9	5.4	49,260	6.2	5.9
Electricity, gas and water supply; waste management activities .....	19,787	2.7	10.1	24,372	3.2	23.2	24,923	3.2	2.3	23,683	3.0	(5.0)	22,724	2.9	(4.1)
Construction.....	80,917	11.0	3.9	84,678	11.0	4.6	82,643	10.5	(2.4)	81,925	10.5	(0.9)	81,086	10.2	(1.0)
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	26,750	3.6	10.3	28,664	3.7	7.2	32,844	4.2	14.6	31,910	4.1	(2.8)	30,992	3.9	(2.9)
Transportation and storage .....	22,103	3.0	8.4	21,329	2.8	(3.5)	16,463	2.1	(22.8)	15,596	2.0	(5.3)	15,362	1.9	(1.5)
Accommodation and food service activities....	7,688	1.0	5.8	7,842	1.0	2.0	8,528	1.1	8.7	9,455	1.2	10.9	9,585	1.2	1.4
Information and communication .....	19,931	2.7	11.7	20,584	2.7	3.3	22,027	2.8	7.0	23,877	3.1	8.4	24,456	3.1	2.4
Financial and insurance activities.....	48,598	6.6	19.1	53,493	6.9	10.1	55,949	7.1	4.6	57,427	7.3	2.6	57,968	7.3	0.9
Real estate activities.....	27,913	3.8	14.9	29,867	3.9	7.0	32,059	4.1	7.3	33,025	4.2	3.0	33,355	4.2	1.0
Professional, scientific and technical activities	14,429	2.0	1.7	14,094	1.8	(2.3)	14,241	1.8	1.0	13,631	1.7	(4.3)	13,816	1.7	1.4
Administrative and support service activities ..	7,915	1.1	6.3	8,012	1.0	1.2	8,813	1.1	10.0	8,520	1.1	(3.3)	8,631	1.1	1.3
Public administration and defence, compulsory social security .....	29,748	4.1	5.0	30,175	3.9	1.4	31,283	4.0	3.7	31,283	4.0	0.0	31,205	3.9	(0.3)
Education .....	7,346	1.0	4.2	7,560	1.0	2.9	8,284	1.0	9.6	8,805	1.1	6.3	8,882	1.1	0.9
Human health and social work activities .....	7,100	1.0	10.0	7,298	0.9	2.8	7,445	0.9	2.0	7,157	0.9	(3.9)	7,123	0.9	(0.5)
Arts, recreation and other service activities.....	1,785	0.2	(0.3)	1,765	0.2	(1.1)	1,875	0.2	6.2	1,956	0.3	4.3	1,917	0.2	(2.0)
Activities of households as employers .....	3,153	0.4	22.1	3,336	0.4	5.8	3,689	0.5	10.6	4,013	0.5	8.8	4,215	0.5	5.0
<b>Total real GDP.....</b>	<b>733,825</b>	<b>100.0</b>	<b>4.4</b>	<b>770,011</b>	<b>100.0</b>	<b>4.9</b>	<b>789,716</b>	<b>100.0</b>	<b>2.6</b>	<b>782,289</b>	<b>100.0</b>	<b>(0.9)</b>	<b>797,278</b>	<b>100.0</b>	<b>1.9</b>

Source: SCAD

## **PRINCIPAL SECTORS OF THE ECONOMY**

### **Oil and Gas**

The hydrocarbon sector contributed 50.6 per cent. of Abu Dhabi's nominal GDP in 2014, 35.1 per cent. in 2015, 31.7 per cent. in 2016, 34.1 per cent. in 2017 and 40.4 per cent. in 2018. Real GDP growth in the hydrocarbon sector was 0.5 per cent. in 2014, 4.4 per cent. in 2015, 2.7 per cent. in 2016, minus 2.9 per cent. in 2017 and 3.4 per cent. in 2018 and the compound annual growth rate was 1.85 per cent. between 2014 and 2018. Changes in the rates of growth of the hydrocarbon sector principally reflect oil and gas production increases over the period as adjusted by the GDP deflator for the year concerned, which is calculated by weighting inflation in different sectors of the economy.

### ***Oil***

Abu Dhabi, with crude oil reserves estimated to be approximately 92 billion barrels, has approximately 94 per cent. of the UAE's total reserves and approximately 6 per cent. of the proven world oil reserves (which were 1,498 billion barrels according to OPEC at 31 December 2018). As at 31 December 2018, the UAE had the world's sixth largest proven crude oil reserves according to OPEC. At the current rate of production (around 3.0 million b/d), Abu Dhabi's oil reserves are expected to last in excess of 80 years. In terms of production capacity, Abu Dhabi's onshore facilities currently exceed its offshore facilities.

Abu Dhabi's oil is considered light, with gravities in the 34–40 degree American Petroleum Institute gravity range. Murban, a blend from the onshore fields, is its major export crude. Virtually all of Abu Dhabi's crude oil is exported to Asia.

### ***Structure of Abu Dhabi's Oil Industry***

#### ***Supreme Petroleum Council (SPC)***

Oil policy and the award of concessions for Abu Dhabi are determined by the SPC, which is chaired by the Ruler of Abu Dhabi. The SPC's responsibilities include formulating and implementing the emirate's policy and objectives in all sectors of the petroleum industry as well as exercising control and management of ADNOC, which manages all aspects of the emirate's oil and gas industry.

ADNOC has announced a 2030 Strategy designed to ensure its future success and transform its business. The strategy is focused on creating a:

- more profitable upstream business;
- more valuable downstream business; and
- more sustainable and economic gas supply.

In July 2017, ADNOC announced a new, expanded partnership model and a more active approach to managing its businesses and portfolio of assets which, together, form an integral part of its 2030 Strategy. This new approach is intended to enable ADNOC to unlock and maximise significant value from across its businesses, drive business and revenue growth, optimise performance and secure greater access for its products in key growth markets.

In November 2018, the SPC approved a five-year, U.S.\$132 billion investment plan proposed by ADNOC aimed at increasing the UAE's oil and gas production capacity. The plan aims to increase ADNOC's oil production capacity to 4 million b/d by the end of 2020, up from about 3.5 million b/d at the end of 2018. ADNOC expects to fund the investment plan through a combination of its own funds and borrowings. In addition, the SPC has approved a strategic plan to increase production to 5 million b/d by 2030.

Unlike some other countries with significant oil resources, Abu Dhabi never wholly nationalised its oil industry and has continued to work with international oil companies, through joint ventures (in which ADNOC is the majority partner) which hold the concessions to exploit Abu Dhabi's hydrocarbon reserves.

The principal joint venture companies are described below.

### *ADNOC Onshore*

The first commercial oil discovery in Abu Dhabi was made onshore at Bab in 1960 by a subsidiary of Iraq Petroleum Company pursuant to a concession granted to it to search for oil. The first oil exports were made from Abu Dhabi's Jebel Dhanna terminal on 14 December 1963. In 1962, the company which had discovered the oil was renamed the Abu Dhabi Petroleum Company (**ADPC**). On 1 January 1973, the government acquired a 25 per cent. interest in ADPC which was increased to 60 per cent. on 1 January 1974. The government's interest is now held by ADNOC.

Abu Dhabi Company for Onshore Oil Operations (**ADCO**) was incorporated on 8 October 1978 and, between February 1979 and 2013, was responsible for operations in the ADPC concession area which, after relinquishments, covered more than 21,000 km<sup>2</sup> in 2013. ADCO acted on behalf of its shareholders to explore, develop and produce hydrocarbons within its area of operations.

ADCO's 40-year concession expired in 2013. At this time, ADNOC owned 60 per cent. of ADCO and international shareholders that included Total S.A. (**Total**), Exxon Mobil Corporation (**Exxon Mobil**), Partex Oil and Gas Group, Shell plc and BP plc (**BP**) owned the remaining 40 per cent.

A new concession was signed with effect from 1 January 2015 between ADNOC and six international shareholders. ADNOC owns 60 per cent. of Abu Dhabi Company for Onshore Petroleum Operations Limited (**ADNOC Onshore**) with the balance being owned by Total (10 per cent.), BP (10 per cent.), China National Petroleum Corporation (**CNPC**) (8 per cent.), Japan Oil Development Co., Ltd. (**JODCO**) (5 per cent.), Zhen Hua (4 per cent.) and GS Energy Corporation (**GS Energy**) (3 per cent.).

ADNOC Onshore currently produces approximately 1.6 million b/d from its main assets, including Bab, Bu Hasa, North East Bab and South East fields. These fields are linked to the storage and shipping facilities of two main terminals, at Jebel Dhanna and a deep water port in Fujairah, where tankers load crude oil for export.

ADNOC Onshore is also involved in the development of gas fields. ADNOC Onshore presently recovers gas from the Asab and Bab fields. These fields currently yield approximately 5.6 billion cubic feet per day (**cf/d**) of gas that is transported to ADNOC Gas Processing (previously known as GASCO) for further processing.

### *ADNOC Offshore*

ADMA-OPCO, then a joint venture between ADNOC and Abu Dhabi Marine Areas Limited (**ADMA**), and Zakum Development Company (**ZADCO**) merged to create ADNOC Offshore in 2015. ADMA-OPCO held a 65-year concession that ended in March 2018. BP, Total and JODCO owned 14.67 per cent., 13.33 per cent. and 12 per cent. respectively of ADMA-OPCO which developed and operated the Umm Shaif, Lower Zakum, Nasr, Umm Lulu and SARB offshore fields. In 2018, the former ADMA-OPCO concessions were renegotiated as follows:

- Lower Zakum – a 40-year concession with ADNOC Offshore (60 per cent.), CNPC, Falcon Oil & Gas and JODCO (each holding 10 per cent.) and Total and ENI A.p.A. (**ENI**) (each holding 5 per cent.);
- Umm Shaif and Nasr – a 40-year concession with ADNOC Offshore (60 per cent.), Total (20 per cent.) and CNPC and ENI (each holding 10 per cent.); and
- SARB and Umm Lulu - a 40-year concession with ADNOC Offshore (60 per cent.) and OMV AG (**OMV**) and CEPSA (each holding 20 per cent.).

### *Upper Zakum*

The Upper Zakum oil field started development in 1978. The joint venture partners were ADNOC (88 per cent.) and JODCO (12 per cent.). In 2006, Exxon Mobil became a joint venture partner in the development of the Upper Zakum oil field with a 28 per cent. share in the joint venture relating to that field which it acquired from ADNOC.

### *Satah and Umm Al Dalkh*

The Satah and Umm Al Dalkh concession, re-awarded in 2018, is a partnership between ADNOC (60 per cent.) and JODCO (40 per cent.).

### *Al Dhafra Petroleum*

Al Dhafra Petroleum is a joint venture, which was established in 2012, between ADNOC, Korea National Oil Corporation (**KNOC**) and GS Energy, where ADNOC owns 60 per cent., and KNOC and GS Energy share the remaining 40 per cent. under the representation of Korea Abu Dhabi Oil Corporation. Al Dhafra Petroleum holds a concession that covers 11,599 km<sup>2</sup> comprising three areas:

- Area 1 located onshore, South-East of Abu Dhabi city; and
- Area 2 located onshore, South-West of Abu Dhabi city; and
- Area 3 located offshore, North-West of Abu Dhabi.

The first oil was spud from Area 1 in June 2019, with average production of 10,000 b/d in the third quarter of 2019. Areas 2 and 3 were released from the concession in 2019.

### *Al Yasat Company for Petroleum Operations LLC (Al Yasat Petroleum)*

Al Yasat Petroleum is a joint venture, which was established in 2013, between ADNOC (60 per cent.) and CNPC International (Hong Kong) Ltd (40 per cent.). Al Yasat Petroleum holds a concession that covers 8,425 km<sup>2</sup> comprising two areas:

- Area 1 located onshore in Western Abu Dhabi; and
- Area 2 located offshore, North-West of Abu Dhabi city.

Al Yasat is currently producing 5,000 b/d from the Bu Haseer field.

### *ADNOC Sour petroleum*

ADNOC Sour Gas (previously known as Abu Dhabi Gas Development Co. Ltd.), which is 60 per cent. owned by ADNOC and 40 per cent. owned by Occidental Petroleum, was established to develop the Arab A, B, C and D sour gas reservoirs located in the Shah field, onshore Abu Dhabi. The Shah field development project included the construction and operation of all facilities required to produce, process, transfer, store and transport the natural gas, from the production wells to the delivery points in Ruwais.

### *Ghasha concession*

In early 2019, ADNOC (60 per cent.) signed a 40-year concession agreement with ENI (25 per cent.), Wintershall Holding GmbH (10 per cent.) and OMV (5 per cent.) which covers the Hail, Ghasha, Hail Dalma, Satah, Bu Haseer, Nasr, Sarb, Mubarraz and Shuwaihat sour gas fields.

The Ghasha concession field development projects include the construction and operation of all facilities required to produce, process, transfer and transport the natural gas, from the production wells to the delivery points in Ruwais as well as oil production to the main oil line tie in point.

The project is expected to produce over 1.5 billion cubic feet of gas per day when it comes on stream, currently estimated to be by 2024, as well as to produce over 120,000 b/d of oil and high value condensates.

Oil projects are inherently complex and subject to uncertainties, so no assurance is given that the Ghasha concession production, or any other estimated production referred to below, will commence when stated or at all. See “*Cautionary Statement Regarding Forward Looking Statements*” at the beginning of this Base Prospectus.

### *Other Minor Oil Producers*

There are three other minor oil producing companies operating in Abu Dhabi. These are:

- Abu Dhabi Oil Co. Ltd. (**ADOC**), which is owned by a consortium of Japanese oil companies and operates three offshore oil fields at Mubarraz, Umm Al Anbar and Neewat Al Ghalan. These fields currently produce slightly over 32,000 barrels of crude oil per day. ADOC is also developing the Hail oil field, with a current production level of 15,000 b/d. ADOC’s concession was renewed in 2012 for 30 years;



- Bunduq Company Limited (**Bunduq**), which operates an oil field that straddles the maritime border between Abu Dhabi and Qatar. In May 1969, Abu Dhabi and Qatar agreed to share revenues accruing from the field's oil production on an equal basis. The oil field currently produces approximately 12,000 to 15,000 barrels per day for Abu Dhabi. Bunduq's concession is with United Petroleum Development Co. Ltd.; and
- Total Abu Al Bukhoosh, which operates offshore and is located between Abu Dhabi and Iran. The concession currently yields approximately 8,000 barrels per day of oil and around 450 million standard cubic feet per day of gas. It expired in March 2018 and was extended for three years.

#### *Exploration*

ADNOC seeks to build and maintain a robust, sustainable portfolio of exploration opportunities representing a comprehensive assessment of the full conventional resource potential of Abu Dhabi in line with its 2030 strategy.

In 2018, ADNOC launched a new exploration strategy of competitive exploration block bid rounds for the first time in its history. The new strategy represents a major advance to de-risk exploration activities and enable Abu Dhabi to unlock new opportunities and maximise value from its hydrocarbon resources. It is also consistent with ADNOC's approach to expand its strategic partnerships across all areas of its business.

Abu Dhabi's first competitive block bid round in 2018 resulted in the award of five geographical areas named Offshore Blocks 1 and 2 and Onshore Blocks 1, 3 and 4. In 2019, ADNOC plans to hold a second block bid round covering five additional blocks.

#### *Refining*

ADNOC Refining Company (previously known as **Takreer**), is a joint venture owned by ADNOC (65 per cent.), ENI (20 per cent.) and OMV (15 per cent.). The joint venture operates two refineries at Ruwais and one smaller refinery near Abu Dhabi city. These refineries have production capacities of around 420,000 b/d, 417,000 b/d and 85,000 b/d, respectively. A third 600,000 b/d refinery at Ruwais is currently under consideration, with a pre-front end engineering and design contract being awarded in February 2019. Light products and specialised chemicals produced at Ruwais are mainly exported to Asia, Europe and other destinations.

#### *Transportation*

Abu Dhabi's oil exports are principally shipped on tankers that load oil from Jebel Dhanna port and from facilities located on the Das, Zirku and Mubarraz islands. These tankers ship their cargoes through the Arabian Gulf. In addition, since 2012 when a 400 kilometre (**km**) 48-inch diameter onshore pipeline from Habshan to Fujairah became partially operational, Abu Dhabi has also exported oil from Fujairah. Known as the Abu Dhabi crude oil pipeline (**ADCOP**), this was an important strategic project for the government. ADCOP provides a link between Abu Dhabi's onshore oil fields and an oil export terminal at a deep-water port located in Fujairah on the Indian Ocean, thus allowing crude oil exports to bypass the Strait of Hormuz. It helps to mitigate the risk of suspension of crude oil exports in the event of a closure of, or disruption to, the Strait of Hormuz. The deep-water port in Fujairah is also more cost-effective since, unlike Abu Dhabi's ports on the Arabian Gulf, it can accommodate very large crude carriers. The oil export terminal in Fujairah has a total storage capacity of up to 8 million barrels of crude oil. ADCOP is fully operational and is capable of carrying 1.5 million b/d of crude oil.



### *Other oil-related businesses*

ADNOC also wholly owns or has shareholdings in a number of operating companies and subsidiaries that specialise in upstream and downstream oil and gas operations, as well as distribution, shipping and all other aspects of the hydrocarbon industry. For example, it has substantial interests in:

- gas production through joint ventures with major international oil companies in ADNOC LNG (previously known as Abu Dhabi Gas Liquefaction Company Ltd. (ADGAS)), ADNOC Sour Gas, ADNOC Gas Processing and ADNOC Industrial Gases (previously known as ADNOC Linde Industrial Gases Company Ltd.);
- the retailing of refined products, through ADNOC Distribution; and
- other hydrocarbon-related businesses through ADNOC Logistics and Services (the company formed through the merger of Petroleum Services Company, Abu Dhabi Ports Operating Company and Abu Dhabi National Tanker Company), National Gas Shipping Company Limited, National Drilling Company, Abu Dhabi Polymers Company Ltd (**Borouge**) and ADNOC Fertilizers (previously known as Ruwais Fertilizers Industries Ltd).

### **Gas**

At 31 December 2018, the UAE's natural gas reserves were estimated by OPEC at 6,091 billion standard cubic metres, making them the world's seventh largest reserves after Russia, Iran, Qatar, the United States, Turkmenistan and Saudi Arabia. The largest reserves, approximately 94 per cent. of the UAE's total, are located in Abu Dhabi, with the rest shared by other emirates. Total natural gas production in Abu Dhabi was 7,578 million standard cubic feet per day in 2014, 8,311 million in 2015, 8,732 million in 2016, 8,821 million in 2017 and 9,150 million in 2018.

In 2018, ADNOC (60 per cent.) signed a 40-year concession agreement with Total (40 per cent.) to explore, develop and produce unconventional gas in Ruwais Area in order to achieve gas self-sufficiency. The project is expected to commence production by 2023 and to produce up to 1 billion standard cubic feet per day by 2030.

ADNOC LNG, which is 70 per cent. owned by ADNOC, operates a liquefied natural gas (**LNG**) plant on Das Island with a production capacity of around 8 million tonnes of LNG, liquefied petroleum gas (**LPG**), paraffinic naphtha and sulphur per year. In addition, ADNOC LNG operates off-shore associated gas and integrated gas development dehydration and compression trains which can currently transfer around 1,400 million standard cubic feet per day of offshore gases to onshore gas facilities for processing.

ADNOC Gas Processing, which is 68 per cent. owned by ADNOC, operates five gas processing plants including its gas processing facilities at Habshan, Bu Hasa, Asab and Bab, some of which are among the largest integrated gas processing plants in the world. It also has an NGL fractionation plant located at Ruwais. These facilities currently have a total of 26 gas processing trains with a total feed gas processing capacity of 8.1 billion standard cubic feet per day. The plants produce network gas, raw ethane, NGL, condensate and sulphur. In addition, ADNOC Gas Processing operates around 3,000 kilometres of pipelines and supplies sales gas to multiple customers throughout the country.

ADNOC Industrial Gases, which is 51 per cent. owned by ADNOC, was established to provide industrial gases (nitrogen and oxygen) to oil, gas and other industry sectors in Abu Dhabi and elsewhere in the UAE.

### ***Dolphin Gas Project***

The Dolphin Gas project is a regional strategic energy initiative and the first cross-border natural gas project of its kind in the Middle East. It comprises both upstream and midstream elements. The upstream portion of the Dolphin Gas Project consists of the production of natural gas and associated hydrocarbons from fields in Qatar's offshore North Field and its processing for sale. A 51 per cent. share of upstream revenues earned from the operation of the fields are allocated to Mubadala (through a wholly-owned subsidiary). The Dolphin block's proven reserves are estimated to be substantially in excess of the 18.25 trillion standard cubic feet (SCF) permitted to be extracted under the 25-year production sharing agreement, which expires in 2032 (with a renewal option for a further five-year period, subject to satisfaction of certain terms and conditions to be agreed upon by the parties at the time).

Once the wet gas is extracted from the fields, it is then transported to a gas processing plant in Ras Laffan in Qatar, one of the largest gas processing plants in the Middle East. The 730 billion SCF of dry gas produced annually by the plant is sold to Dolphin Energy Limited (**Dolphin Energy**), a joint venture company in which Mubadala has a 51.0 per cent. interest, pursuant to a 25-year escalating fixed price contract. The ethane produced by the plant is committed for sale to Qatar Petroleum under a 25-year escalating fixed price contract, and the remaining associated products (propane and butane, condensate (an ultralight oil) and sulphur) are sold through Qatar Petroleum.

The midstream portion of the Dolphin Gas Project is managed and operated by Dolphin Energy and involves the transportation of the dry gas produced in Qatar to Abu Dhabi through a 364-kilometre 48-inch subsea export pipeline constructed by Dolphin Energy and which has a design capacity of 3.2 billion SCF per day. Once the dry gas reaches the Taweelah receiving facilities in Abu Dhabi, it is then distributed by Dolphin Energy to its customers in Abu Dhabi, Dubai, the Northern Emirates and Oman through an onshore gas distribution network. In addition to the gas distribution facilities (which are leased from ADNOC under a long-term agreement), Dolphin Energy has also constructed gas pipelines from Taweelah to the Emirate of Fujairah in order to give flexibility to increase the gas volume delivered to the east coast of the UAE.

The main customers for the dry gas are the Emirates Water and Electricity Company (**EWEC**) (which was formed in November 2018, succeeding the Abu Dhabi Water and Electricity Company (**ADWEC**)), the Dubai Supply Authority (**DUSUP**) and the Oman Oil Company (**OOC**). Each of them has a long-term fixed price contract in place with Dolphin Energy for the supply of approximately 93 per cent. of the Dolphin Project's upstream gas production. Gas has been provided to EWEC (formerly ADWEC) and DUSUP since July 2007 and OOC since October 2008.

### **Manufacturing and Industry**

The manufacturing economic sector contributed 5.4 per cent. of Abu Dhabi's nominal GDP in 2014, 6.5 per cent. in 2015, 6.6 per cent. in 2016, and 6.7 per cent. in each of 2017 and 2018. Real GDP growth in the manufacturing sector was 6.6 per cent. in 2014, 5.7 per cent. in 2015, 3.2 per cent. in 2016, 5.4 per cent. in 2017 and 5.9 per cent. in 2018 and the compound annual growth rate was 5.0 per cent. between 2014 and 2018. Abu Dhabi's manufacturing sector is dominated by refining and petrochemical production which both experience volatility in demand and output.

A significant element of Abu Dhabi's long-term economic strategy involves expansion of the emirate's industrial base. Specific strategic priorities include the promotion of specialised economic zones and the development of public-private partnerships as a means of encouraging and increasing private sector participation. A number of specialised economic zones, including the Industrial City of Abu Dhabi (**ICAD**), have been established. See "*Foreign Direct Investment and Free Zones*" below.

In addition, the Khalifa Port and Industrial Zone located at Al Taweelah is being developed by Abu Dhabi Ports Company, which is wholly-owned by the government. Situated midway between Abu Dhabi and Dubai, this facility capitalises on industrial activity across both emirates. The new port, which was inaugurated in December 2012, has facilities that include container and general cargo terminals, which are expected to have the capacity to accommodate 35 million tonnes of general cargo and 15 million TEUs (twenty foot equivalent units) annually of containerised cargo upon completion of all phases of the project.

In December 2018, China's Cosco Shipping Ports inaugurated a U.S.\$430 million terminal and container freight station at Khalifa Port under a 35-year concession agreement. This facility is expected to significantly increase the TEU volume at the port from 1.4 million in 2017 to around 3 million in 2020. Khalifa Port currently has a capacity of approximately 5 million TEU and plans to expand its total capacity to 9.1 million TEU by around 2024.

The industrial zone has attracted a range of companies in the aluminium, engineered metals, glass, paper, petrochemical, chemical product, high technology, food and beverage and trade and logistics sectors. The aluminium smelter referred to below under "*—Metal Industries—Aluminium*" is located at Khalifa Industrial Zone. See further "*—Infrastructure—Ports and Airports*" below.

A number of large-scale industrial investment projects have recently been completed or are under development in Abu Dhabi, including the Masdar Initiative, and other new and expansion projects discussed below.

### ***Petrochemicals***

In addition to its upstream exploration, drilling, production and transportation of crude oil activities, Abu Dhabi also has a number of major downstream petrochemical complexes.

Gas processing and LNG extraction is carried out in plants operated by ADNOC LNG and ADNOC Gas Processing. Feedstock for these plants is provided by ADNOC Offshore from its offshore fields to ADNOC LNG and by ADNOC Onshore and ADOC from their onshore fields to ADNOC Gas Processing. These plants produced over 20 million metric tonnes of LNG, LPG, paraffinic naphtha and liquid sulphur for ADNOC in 2018. In addition to exporting these products, certain raw materials are also transferred to local petrochemical plants operated by Takreer for further processing into a range of refined products.

Borouge produces polyethylene and polypropylene products for the infrastructure and advanced packaging markets in the Asia Pacific and MENA regions. Borouge Pte, in which Borealis (a majority-owned Mubadala company which owns 40 per cent. of Borouge) and ADNOC each hold 50 per cent. of the shares, markets these products as well as Borealis' entire premium grade product range throughout these regions.

Borouge is Abu Dhabi's largest and most technologically advanced petrochemicals operation, with a total production capacity of 4.5 million tonnes of polyolefins, making Borouge the world's largest integrated olefins/polyolefins complexes. In 2017, Borouge announced its intention to expand its petrochemical activities in Abu Dhabi through the construction of the Borouge 4 petrochemical complex, which is expected to significantly increase Borouge's production capacity in Ruwais, Abu Dhabi. The project is currently in its initial stage.

Borouge and Borealis have developed an innovation centre in Abu Dhabi, which focuses on developing practical solutions for advanced plastic material applications.

Abu Dhabi is planning to grow its petrochemicals sector, both as a result of the existing projects described above and, potentially, through the establishment of new projects to produce petrochemicals used in a range of industries, such as the packaging, construction and automotive industries. These projects are expected to be undertaken with partners who have appropriate technologies and market know-how in order to stimulate the development of these industries in Abu Dhabi.

In this connection, in May 2018, ADNOC announced plans to invest U.S.\$45 billion alongside partners as part of its U.S.\$132 billion investment plan, over a five-year term, to create the world's largest and most advanced integrated refining and petrochemicals complex in Ruwais, increasing the range and volume of its high-value downstream products, securing better access to growth markets around the world, and creating a manufacturing ecosystem. These plans aim to create more than 15,000 jobs and contribute 1 per cent. to UAE GDP growth.

In addition to the new refinery referred to under “Principal sectors of the economy—Oil and gas—Structure of Abu Dhabi’s oil industry—Refining” above, the entire Ruwais complex is expected to be upgraded to produce greater volumes of higher-value petrochemicals and derivative products. The plans include building one of the world’s largest mixed feed crackers in order to treble production capacity from 4.5 million tonnes per annum (**mtpa**) in 2016 to 14.4 mtpa by 2025. ADNOC also plans to develop a new, large-scale, manufacturing ecosystem in Ruwais through the creation of new petrochemical derivatives and conversion parks, creating a focal point for the global petrochemicals industry. The derivatives park is expected to act as a prime catalyst for the next stage of petrochemical transformation by inviting partners to invest and produce new products and solutions from the growing range of feedstocks that are available in Ruwais. The new conversion park is expected to spur new business creation further down the value chain, manufacturing higher-value end products, including packaging materials, coatings, high voltage insulation and automotive composites.

ADNOC has also announced a strategic partnership with OCI N.V. (OCI), a global fertilisers and chemicals producer, to establish a new joint venture between ADNOC and OCI. The new company is expected to have an annual production capacity of 5 million tonnes of urea and 1.5 million tonnes of ammonia.

### ***Metal Industries***

#### ***Aluminium***

EGA is a joint venture equally owned by Mubadala and ICD. EGA’s principal assets are aluminium smelters at Al Taweelah in Abu Dhabi and Jebel Ali in Dubai, Guinea Alumina Corporation, Ltd. (**GAC**), a bauxite mine project in the Republic of Guinea, and an alumina refinery at Al Taweelah in Abu Dhabi. The combined production of EGA’s smelters of approximately 2.5 million tonnes of cast metal in 2018, ranked the UAE as the fifth largest primary aluminium producing country in the world.

EGA owns and operates the Al Taweelah aluminium smelter with associated power generation facilities located in the Khalifa Port and Industrial Zone in Taweelah, Abu Dhabi. The project was designed and constructed in two phases. Al Taweelah has a current capacity of approximately 1.5 million tonnes per annum of aluminium and a captive power generation capacity of 3,100 megawatts (**MW**), making it one of the largest single-site smelters in the world.

EGA also owns and operates the Jebel Ali aluminium smelter in Dubai, which has an annual aluminium production capacity of approximately 1.1 million tonnes. The Jebel Ali smelter started operations in 1977, with the first hot metal being produced in 1979. In addition to the smelter, EGA also owns and operates at Jebel Ali a captive 2,350 MW power plant, a desalination plant and port facilities. For more than 25 years DUBAL, and since 2014 EGA, have also been active in the research and development of advanced aluminium processing and production technology, the hallmark of which is EGA’s industry-leading reduction cell technology, which allow aluminium production cells to operate at significantly higher amperage than competing technologies, while improving energy efficiency. All of EGA’s reduction cells at Jebel Ali and Al Taweelah use EGA’s proprietary technologies.

EGA’s GAC project includes a bauxite mine, railway infrastructure (shared with other operators) and port facilities in Guinea. GAC completed its bauxite mine and exported its first bauxite in August 2019, and is expected to produce 12 million tonnes of bauxite ore at full design capacity. Bauxite ore from GAC is sold by EGA to customers around the world.

EGA also operates an alumina refinery located in close proximity to the Al Taweelah smelter. Once full ramp up of the refinery is achieved, it is expected to produce approximately 2 million tonnes of alumina per annum, which will support the EGA smelters’ raw material needs. The Al Taweelah alumina refinery sources bauxite from Guinea under a long-term off take contract with Compagnie des Bauxites de Guinée.

#### ***Electric cables***

Dubai Cable Company (**Ducab**) manufactures a range of electric cables and is a 50:50 joint venture between the Abu Dhabi and Dubai governments. Abu Dhabi’s interest in Ducab is managed by Senaat, which is wholly-owned by the government and is one of the UAE’s largest industrial investment holding companies. Ducab is the largest cable and wire manufacturer in the UAE with a production capacity of over 110,000 tonnes per year of high, medium and low voltage copper cables, supplying customers in 40 countries. Ducab's facilities are located at Jebel Ali in Dubai and Mussafah in Abu Dhabi. Ducab has a wide product slate, including: (i) copper rods and wires; (ii) low, medium and high voltage cables; (iii) fire performance cables; (iv) instrumentation and control cables; (v) rubber flexible

cables; and (vi) a range of cable components and accessories. Ducab also produces around 160,000 tonnes of copper rods and wires annually.

Ducab Aluminium Company LLC (**DAC**) is a joint venture between Senaat, which holds 40 per cent. of the shares, and Ducab, which holds the remaining 60 per cent. In 2018, DAC completed the construction of a facility based in the Khalifa Industrial Zone that has the capacity to manufacture 50,000 tonnes per year of aluminium alloy rods, wires and bare overhead conductors using liquid aluminium supplied by the EMAL smelter.

#### *Steel making*

Emirates Steel Industries PJSC (**ESI**), a company wholly-owned by Senaat, operates the only integrated steel plant in the UAE. It is also among only a few integrated steel producers in the MENA region and has the widest product range of long-steel producers within the GCC. ESI's facilities currently comprise (i) three direct reduction plants with a combined capacity of 4.2 million tonnes per year; (ii) three steel melt plants with a combined capacity of 3.6 million tonnes per year; (iii) three rebar rolling mills with a total capacity of 2 million tonnes per year; (iv) a wire rod and coil rolling mill with a capacity of 0.5 million tonnes per year; and (v) a heavy sections rolling mill with a capacity of 1 million tonnes per year.

#### *Advanced Technologies*

GLOBALFOUNDRIES (**GF**) was launched in March 2009 as a joint venture between Advanced Micro Devices (**AMD**) and an entity wholly-owned by the government, based on AMD's existing semiconductor chip fabrication infrastructure. With the integration of Chartered Semiconductor in January 2010 and assets acquired from International Business Machines Corporation in 2015, GF significantly expanded its capacity. GF is now wholly owned by Mubadala, which also currently owns approximately 5 per cent. of AMD.

GF is one of the world's largest pure play semiconductor foundries with a focus on differentiated offerings across multiple technology nodes and platforms. GF manufactures a broad range of semiconductor devices, including microprocessors, mobile application processors, baseband processors, network processors, radio frequency devices, system on a chip devices, microcontrollers, power management units, analogue mixed-signal devices and micro-electromechanical systems.

GF offers among the most advanced wafer fabrication technologies that are available in its industry for the manufacture of semiconductors. GF currently manufactures in a range of process technology nodes spanning from 180nm and above to 14nm.

GF has manufacturing facilities in Germany, Singapore and the United States, supported by facilities for research, development and design enablement located near the major hubs of semiconductor activity around the world, with its head office in Malta, New York. GF provides foundry services to more than 250 customers worldwide to enable high growth, technologically advanced applications for major high-growth markets such as mobility and wireless infrastructure, computing and wired infrastructure, and automotive, industrial and multi-markets.

#### *Renewable Energy and Sustainable Development*

The Masdar Initiative aims to support and capitalise on the UAE government's energy policy targets to source 44 per cent. of local energy consumption from renewable energy and cut carbon dioxide emissions by 70 per cent. by 2050. The Masdar Initiative is being undertaken by Abu Dhabi Future Energy Company (**Masdar**), which is wholly-owned by Mubadala.

The Masdar Initiative currently encompasses a number of renewable energy and sustainable development projects and investments being carried out through Masdar's two business units: Sustainable Real Estate and Masdar Clean Energy.

Masdar's Sustainable Real Estate business unit is responsible for the development of Masdar City, a six square kilometre development next to Khalifa City on the outskirts of Abu Dhabi city, in a designated Free Zone and investment zone area, intended to house up to 52,000 people when completed. The plan for Masdar City includes offices, hotels, educational, residential and retail space, research and development space, light industry and laboratories. Masdar City employs innovation in energy-efficiency, sustainable practices, resource recycling, transportation and green building standards.

In 2014, Masdar received final concept master plan approval from the Abu Dhabi Urban Planning Council for the Masdar City development as a whole, allowing 3.7 million square metres of gross floor

area (**GFA**) for the site. During 2015, subsequent detailed master plan approval was received for Phase 1, Phase 2 and Phase 5 (2.3 million square metres of GFA in aggregate).

A large portion of Phase 1 has either commenced or completed construction, is in design for self-development by Masdar, or has been sold to third party developers. There are fully executed sales agreements for third party development for plots within Phase 1 and Phase 2.

Masdar Clean Energy’s utility business develops, invests in and delivers high quality utility-scale renewable energy projects, with a focus on mature solar and wind technologies, in the UAE and around the world which are both sustainable and economically viable, preferably where governments with strong credit ratings act as counterparty for long-term off-take contracts.

Major projects which have been and are being implemented by Masdar Clean Energy include significant stakes in: (i) a 100 MW concentrated solar plant in Abu Dhabi which has been operational since 2013; (ii) one of the world’s largest operational offshore wind power plants (630 MW), located in the Thames estuary in the United Kingdom, which has been operational since 2013; (iii) Torresol which developed a 19.9MW central tower power plant with thermal storage in Spain which commenced commercial operation in mid-2011 and two other concentrated solar power projects in Spain, each of which consists of a 50MW parabolic trough plant with thermal storage; (iv) a second large scale (402 MW) offshore wind farm in the United Kingdom which commenced operations in September 2017; (v) Baynouna Solar Energy, a 200MW solar photovoltaic project located in Jordan, which is currently under development and is anticipated to reach commercial operations in the first half of 2020; and (vi) the DEWA III 800 MW photovoltaic solar plant in Dubai, which is currently under construction and is anticipated to achieve commercial operations in 2020.

## Tourism

As one of 12 strategic sectors identified in the 2030 Economic Vision, tourism plays a central role in the emirate’s plan to diversify its economy. The DCT is mandated with preserving, protecting, managing and promoting the cultural heritage of, and achieving tourism development in, the emirate.

The DCT manages the emirate’s tourism sector and markets it internationally through a range of marketing and promotional activities and events. The DCT also ensures that it preserves Abu Dhabi’s cultural heritage, particularly its historic and archaeological sites while overseeing the development of landmark museums in Abu Dhabi’s Saadiyat Island Cultural District, which houses the Louvre Abu Dhabi (which opened in November 2017) and will house the Zayed National Museum and the Guggenheim Abu Dhabi, when completed. The DCT is also committed to supporting an ongoing programme of leisure, culture and heritage events and intellectual and artistic activities aimed at nurturing a cultural environment that is intended to be enriching for residents and visitors alike.

The emirate has seen significant growth in hotel room supply and demand since 2014. The number of hotel guest arrivals increased from 3.5 million in 2014 to 5.0 million in 2018, a compound annual growth rate of 9.6 per cent. while the number of hotel rooms grew from 28,374 in 2014 to 32,971 in 2018, a compound annual growth rate of 3.8 per cent.

Etihad, the UAE’s national airline, is based in Abu Dhabi and is a key facilitator of the government’s tourism strategy. Etihad was established by Emiri Decree in July 2003 and is wholly-owned by the government.

The table below shows the number of destinations flown to and the number of Etihad aircraft (including cargo aircraft) owned or leased at 31 December in, and the number of Etihad passengers carried during, each year shown.

	As at/year ended 31 December				
	2014	2015	2016	2017	2018
Destinations .....	111	116	112	100	84
Aircraft owned or leased .....	110	121	119	115	106
Passengers carried ( <b>millions</b> ).....	14.8	17.6	18.5	18.6	17.8

Source: Etihad

Completion of Abu Dhabi’s airport expansion project, currently anticipated in 2019, is also expected to facilitate increased tourism in the emirate. The aim of the expansion project is to increase the annual passenger capacity to 45 million passengers.

Abu Dhabi has invested, and expects to continue to invest, in creating facilities to attract tourists, including:

- the new Abu Dhabi Cruise Terminal, the cornerstone for the expansion of Abu Dhabi's ambition to become a regional hub for Arabian Gulf cruise tourism;
- Sir Bani Yas Island, an environmental and tourist destination, offering nature and wildlife drives, guided tours, kayaking, mountain biking, horse riding and a range of marine activities;
- eco-tourism developments such as the Al Wathba Wetland Reserve and Eastern Mangrove Park and Al Marzoum;
- Um Al Emarat Park, a city centre family and leisure destination;
- the Sheikh Zayed Desert Learning Centre, an exhibition and exploration of the natural and cultural history of the Arabian deserts at Al Ain Zoo;
- Al Maryah Island's Galleria Mall, a leisure tourism proposition for the emirate's financial central business district hub;
- Emirates Park Zoo's leisure and accommodation destination;
- The museum of Qasr Al Muwaiji, birthplace of HH Sheikh Khalifa, President of the UAE, and UNESCO Heritage Site of Al Ain experience centre; and
- UAE Giant Flagpole, a landmark viewing point overlooking the entire Corniche and Abu Dhabi skyline.

Significant investments have also taken place on Saadiyat Island and Yas Island in particular. Saadiyat Island currently houses a number of five-star hotels, a luxury beach club, the Louvre Abu Dhabi, a cultural arts exhibition centre, a public beach, the region's first ocean golf course, a state-of-the-art wellness and medical facility and an up-market shopping precinct. Yas Island, which is promoted as Abu Dhabi's entertainment district, has the region's first links golf course; seven hotels; a Formula One racetrack; Ferrari World Abu Dhabi and Warner Bros. World, which are both among the world's largest indoor theme parks; Yas Waterworld; a public beach; the du Forum and du Arena major event facilities; MAD, the UAE's largest indoor nightclub; dedicated super yacht berths and leisure venues at Yas Marina, and Yas Mall, the emirate's largest shopping centre. In addition, a SeaWorld is planned for Yas Island.

Abu Dhabi has also focused on developing sports tourism and was awarded the "World's Leading Sports Tourism Destination" at the World Travel Awards in each year from 2013 to 2018. Abu Dhabi's sporting calendar and accolades include:

- the Etihad Airways Abu Dhabi Formula 1 Grand Prix, held in November each year since 2009 at the purpose-built Yas Marina circuit;
- the Abu Dhabi HSBC Golf Championship, held since 2006 and now established as the season opening European Tour event and the Abu Dhabi Invitational hosted by Gary Player at the Yas Links Golf Club;
- the ITU World Triathlon Series, established as the opening event of the international triathlon season since 2015;
- the opening race of the Red Bull Air Race World Championship, which was being held in Abu Dhabi in 2019 for the 12th consecutive season in 2019;



- the Special Olympics World Games, which were hosted in Abu Dhabi in March 2019 for the first time in the Middle East and North Africa region since the movement’s founding over 50 years ago; and
- the inaugural UAE Tour cycling race in 2019, being a merger of the previously separate Abu Dhabi and Dubai tours.

Abu Dhabi has also sought to build its international presence through high-profile sports sponsorships, including its status as Official Destination Partner for the English football team, Manchester City.

In addition, Abu Dhabi focuses on promoting heritage festivals and themed events celebrating its culture and attracting low season visitors. These include food and handicrafts festivals, a three-month summer season programme of activities and events designed to stimulate tourism in the low season, and the Abu Dhabi Classics season, part of ADTCA’s music programme which seeks to attract leading international and regional classical performers. Further, Abu Dhabi seeks to promote international awareness through product-themed destination activities, including golf, conventions, cruising, the Indian wedding market and halal tourism.

The table below shows certain indicators relating to Abu Dhabi’s hotel establishments for each of the years indicated.

	2014	2015	2016	2017	2018
Hotel establishments.....	160	168	169	162	168
Number of rooms.....	28,374	29,760	30,602	30,574	32,971
Number of guests ( <b>thousands</b> ).....	3,494	4,106	4,440	4,852	5,044
Average length of stay ( <b>days</b> ).....	3.0	3.0	2.7	2.5	2.6
Occupancy rate ( <b>yearly, %</b> ).....	75	75	73	72	72

Source: DCT

### Construction and Real Estate

The construction sector contributed 8.7 per cent. to Abu Dhabi’s nominal GDP in 2014, 11.4 per cent. in 2015, 11.2 per cent. in 2016, 10.4 per cent. in 2017 and 9.2 per cent. in 2018.

The real estate activities sector, which principally comprises real estate sales and leasing, contributed 3.7 per cent. to Abu Dhabi’s nominal GDP in 2014, 5.3 per cent. in 2015, 6.2 per cent. in 2016, 5.8 per cent. in 2017 and 4.9 per cent. in 2018.

Real GDP growth in the construction sector was 3.9 per cent. in 2014, 4.6 per cent. in 2015, minus 2.4 per cent. in 2016, minus 0.9 per cent. in 2017 and minus 1.0 per cent. in 2018 and the compound annual growth rate was 0.05 per cent. between 2014 and 2018. The negative rates of growth in the construction sector in 2016, 2017 and 2018 principally reflected the impact of the significant fall in oil prices in mid-2014 and its consequent effect on Abu Dhabi’s economy in subsequent years, reflecting the fact that economic impacts in this sector typically lag the economic events given the long-term nature of construction projects.

Real GDP growth in the real estate activities sector was 14.9 per cent. in 2014, 7.0 per cent. in 2015, 7.3 per cent. in 2016, 3.0 per cent. in 2017 and 1.0 per cent. in 2018 and the compound annual growth rate was 4.55 per cent. between 2014 and 2018. The lower rates of growth in the real estate activities sector in 2017 and 2018 principally reflected delays to projects following the significant fall in oil prices in mid-2014 and its consequent effect on Abu Dhabi’s economy in subsequent years.

The major ongoing public sector construction projects include the continuing development of Khalifa Port and the expansion of Abu Dhabi International Airport (both of which are described under “—*Infrastructure—Ports and Airports*” below), the construction of a new highway link to Saudi Arabia in the west of Abu Dhabi as well as other strategic projects such as the development of Saadiyat Island (referred to under “—*Tourism*” above) and the construction of ENEC’s nuclear plant (described under “—*Infrastructure—Energy and Water*” below).

Significant real estate projects currently underway include the mixed use development at Al Maryah Island, anchored by Abu Dhabi Global Market Square that includes four Grade A commercial buildings, two five star hotels, a high end retail mall and the iconic Financial Building, and Masdar

City, a 6 km<sup>2</sup> development in a designated special free zone next to Khalifa City. Both Al Maryah Island and Masdar City are being developed by Mubadala, in the case of Masdar City with Masdar acting as master developer.

The plan for Masdar City includes offices, hotels, residential and retail space, research and development space, light industry and laboratories. The city is intended to employ innovation in energy-efficiency, sustainable practices, resource recycling, transportation and green building standards. Construction commenced in 2008 on Phase 1 of the project, with the first six buildings, housing the Masdar Institute of Science and Technology, inaugurated in 2010. Phase 1 of Masdar City is a mixed-use development with office, retail, hotel, educational and residential units and the Masdar headquarters building. Masdar City currently has approximately 65,000 square metres of office buildings which are fully leased to almost 500 free zone companies as well as Abu Dhabi and international entities. The core of Masdar City is centred around the headquarters of IRENA, the International Renewable Energy Agency, which was inaugurated in 2015.

Al Maryah Island, which comprises approximately 12.2 million square feet of land, is intended to form the core of the new International Financial Centre for Abu Dhabi City. Abu Dhabi Global Market Square, a 0.9 million square feet plot of land, which is the first development on Al Maryah Island, lies at the heart of Al Maryah Island and includes four high quality Grade A office towers surrounding the new headquarters of Abu Dhabi Global Market, the financial free zone authority. Construction of Abu Dhabi Global Market Square commenced in the second half of 2007 and the first components of the project were completed in March 2011, with the first office tenants taking possession of their premises in April 2011. The Galleria at Abu Dhabi Global Market Square, a distinct shopping and dining destination featuring approximately 140 specialty retailers and 25 restaurants and cafes, was developed by a joint venture between Mubadala and Gulf Related, a regional real estate development company affiliated with The Related Companies. The Galleria opened in August 2013.

Other significant private sector projects include Yas West – Yas Island (a development of more than 1,000 villa units), Yas Acres – Yas Island (a development of 650 villas and townhouses), Mayan – Yas Island (a development of 800 units of one, two, three and four bedroom apartments), three more residential apartment projects on Yas Island and Al Raha Beach totaling over 2,000 units, Mamsha – Saadiyat Island (a development of 460 prime beachfront apartments) and Jawaher – Saadiyat Island (a development of 83 prime golf view villas and townhouses). In addition, there are three residential apartment developments on Shams Reem Island comprising approximately 1,800 units in total. All these developments are being developed by Aldar.

Until mid-2018, under Abu Dhabi law, non-nationals are prohibited from owning property in Abu Dhabi, other than in specified investment areas where they can hold property in one of three ways:

- under a 99-year land title/usufruct agreement;
- through renewable 50-year development agreements; or
- through surface property agreements that allow for ownership of apartments developed on the land in such investment areas.

In mid-2019 a new law was enacted that permitted non-nationals to own land and property within the designated investment areas on a freehold basis. The law aims to stimulate foreign investment and provide investors with greater certainty.

The investment areas include Al Raha Beach, Al Reem Island and Al Reef. UAE companies are responsible for construction and development of properties in these areas in coordination with relevant government departments.

### **Financial Institutions and Insurance**

The financial and insurance activities sector (which principally reflects the activities of banks) contributed 6.4 per cent. to Abu Dhabi's nominal GDP in 2014, 8.8 per cent. in 2015, 9.6 per cent. in 2016, 9.2 per cent. in 2017 and 8.4 per cent. in 2018. In real terms, this sector grew by 19.1 per cent. in 2014, by 10.1 per cent. in 2015, by 4.6 per cent. in 2016, by 2.6 per cent. in 2017 and by 0.9 per cent. in 2018 and the compound annual growth rate was 4.51 per cent. between 2014 and 2018. The relatively high rates of growth in 2014 and 2015 principally reflected the effect of generally good economic conditions in those years on Abu Dhabi's banking sector.

Following two significant bank mergers, there are now two principal banking groups and one Islamic bank operating in Abu Dhabi, being the First Abu Dhabi Bank (a merger between National Bank of Abu Dhabi and First Gulf Bank, which was completed in April 2017), Abu Dhabi Commercial Bank (which merged with Union National Bank and acquired Al Hilal Bank in May 2019) and Abu Dhabi Islamic Bank. These banks provide a full range of banking services. The banking sector in Abu Dhabi is described in more detail under “*Monetary and Financial System—Banking and Financial Services—Principal Banks in Abu Dhabi*” below.

### Other Economic Sectors

Other significant economic sectors in Abu Dhabi include public administration and defence and compulsory social security; wholesale and retail trade and repair of motor vehicles and motorcycles; electricity, gas and water supply and waste management activities; transportation and storage; and information and communication. These sectors contributed 7.0 per cent., 5.0 per cent., 3.8 per cent., 2.9 per cent. and 2.7 per cent. respectively, to Abu Dhabi’s nominal GDP in 2018 and had compound annual real growth rates over the period between 2014 and 2018 of 1.20 per cent., 3.75 per cent., 3.52 per cent., minus 8.69 per cent. and 5.25 per cent., respectively. The agriculture, forestry and fishing sector contributed 0.7 per cent. to Abu Dhabi’s nominal GDP in 2018 and had a compound annual real growth rate over the period between 2014 and 2018 of 4.38 per cent.

### INFLATION

The tables below show the consumer price index (CPI) and the percentage change, year on year, of consumer prices in Abu Dhabi for each of the years indicated.

	2014	2015	2016	2017	2018
Consumer price index (2014 = 100) .....	100.0	104.3	106.4	108.1	111.6
Consumer prices (percentage change, year on year) .....	3.2	4.3	2.0	1.6	3.3

Source: SCAD

The table below shows the principal components of the Abu Dhabi CPI in each of the years 2014 to 2018, the percentage change year on year and the index weighting of each component.

	Change <sup>(1)</sup> (%)					Index Weight	
	2014	2015	2016	2017	2018	2014 <sup>(2)</sup>	From 2015 <sup>(3)</sup>
	Food and beverages .....	2.5	1.8	(0.1)	1.2	2.5	16.1
Tobacco .....	3.3	1.3	2.6	25.7	65.4	0.3	0.2
Clothing and footwear .....	0.9	(0.2)	0.9	(1.1)	20.8	9.8	5.4
Housing, water, electricity, gas and other fuels .....	4.0	10.2	5.6	1.6	(3.6)	37.9	31.2
Fixtures and fittings, household equipment, and routine household maintenance .....	11.1	1.2	(0.3)	1.1	5.2	4.8	7.2
Health .....	(0.1)	(0.3)	3.8	6.9	(0.1)	0.8	1.6
Transportation.....	0.0	0.6	(1.7)	4.3	8.4	9.7	14.7
Communication .....	(0.1)	(1.0)	(3.2)	(1.4)	2.6	7.7	5.0
Recreation and culture .....	2.7	1.5	(1.2)	(5.6)	12.5	2.4	4.8
Education.....	4.5	5.1	3.0	1.0	4.7	2.6	6.9
Hotels and restaurants.....	4.7	2.9	3.9	(1.6)	6.1	3.4	3.8
Miscellaneous goods and services .....	5.4	2.2	2.4	6.4	4.5	4.6	7.0

Notes:

- (1) All data based on 2014=100.
- (2) 2007 base year.
- (3) 2014 base year.

Source: SCAD

The Abu Dhabi CPI has 12 expenditure groups. The four groups with the largest weighting in the Abu Dhabi CPI are (i) housing, water, electricity, gas and other fuels; (ii) transportation, (iii) food and beverages; and (iv) fixtures and fittings, household equipment, and routine household maintenance, which showed inflation levels of minus 3.6 per cent., 8.4 per cent., 2.5 per cent. and 5.2 per cent., respectively, in 2018. Together, these four groups have accounted for 65.4 per cent. of the CPI since 2015.

The principal basket component impacting the increase in inflation during 2014 was a 4.0 per cent. increase in housing, water, electricity, gas and other fuels. Changes in rental rates were the principal factor within this component as a new law at the end of 2013 abolished a 5 per cent. limit on annual rent increases which had been in place for some time. As a result, rents increased significantly during 2014 and into 2015. In addition, increases in the prices for the fixtures and fittings, household equipment, and routine household maintenance; food and beverages; and miscellaneous goods and services components also contributed to the overall increase in inflation during 2014, although to a lesser extent.

In 2016, the consumer price index was re-weighted (using data from the 2014 household income and expenditure survey) with effect from 1 January 2016 (with the new weights being applied to 2015 data for the purposes of consistent calculation in 2016). Among other changes, this re-weighting resulted in a reduction in the weighting for the housing, water, electricity, gas and other fuels component. In 2015 and 2016, housing, water, electricity, gas and other fuels was again the principal basket component impacting the increases in inflation in those years. In 2015, there was a 10.2 per cent. increase in that component, in part driven by rent increases and in part by reduced subsidies resulting in tariff increases for electricity and water. In 2016, the increase in the housing, water, electricity, gas and other fuels component was lower at 5.6 per cent., principally reflecting lower residential rental rate increases than in 2015.

In 2017, inflation remained low at 1.6 per cent. compared to 2.0 per cent. in 2016. This principally reflected a 1.6 per cent. increase in the housing, water, electricity, gas and other fuels component, coupled with increases in the third and fourth largest components that were also each lower than the overall 2 per cent. increase but which were offset to an extent by a 4.3 per cent. increase in transportation (driven by increased prices for fuel and oil, taxi meters and airline tickets), the second largest component of the basket.

In 2018, the transportation component (which increased by 8.4 per cent., reflecting increased oil prices), the clothing and footwear component (which increased by 20.8 per cent., reflecting increased raw material prices) and the recreation and culture component (which increased by 12.5 per cent., reflecting an increase in tourists and the indirect effect of rising food and soft drinks prices) were the principal drivers of the increase in inflation, principally due to the impact of a 5 per cent. rate of VAT from the start of 2018. The impact of these components was partly offset by a fall of 3.6 per cent. in the housing, water, electricity, gas and other fuels component, driven by the continued decline in housing prices and rents. Although only a small component, the significant increase in tobacco prices in 2018 reflected the implementation of an excise tax in October 2017, which also impacted the prices of some beverages.

The table below shows inflation in Abu Dhabi on a monthly basis (compared with the same month in the previous year) in the first seven months of 2019.

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Consumer price index .....	111.8	111.6	110.5	110.2	111.9	111.6	110.4
Consumer prices ( <b>percentage change, year on year</b> ).....	(0.9)	(0.8)	(0.8)	(1.3)	0.5	(0.2)	(1.4)

Source: SCAD

The consumer price index has fallen in 2019, by 1.4 per cent. in the seven months to July compared to the same period in 2018. This principally reflected falls in the three largest components, offset by increases in most of the other components.

## **EMPLOYMENT AND WAGES**

Based on SCAD estimates for 2018, the labour force (comprising the employed and unemployed population from age 15 and above, both nationals and non-nationals) in Abu Dhabi comprised 65.2 per

cent. of the total population and 79.0 per cent. of the population aged 15 and above. The unemployment rate in Abu Dhabi was estimated at 5.2 per cent. of the labour force in 2018.

The principal sectors for employment in Abu Dhabi in 2018 were activities of households as employers, undifferentiated goods and services (at 15.7 per cent. of the employed population), construction (at 15.1 per cent.), manufacturing (at 8.8 per cent.), public administration and defence, compulsory social security (at 7.1 per cent.), wholesale and retail trade, repair of motor vehicles and motorcycles (at 6.2 per cent.) and mining and quarrying (at 2.6 per cent.).

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 and schools with a view to increasing the quality of education offered. It is also a requirement for companies in the UAE to maintain defined proportions of Emirati employees in their workforce (known as Emiratisation).

Unemployment in Abu Dhabi, based on labour force surveys, is low with the SCAD estimating unemployment rates (comprising those persons registered as unemployed divided by the total labour force) of 3.4 per cent. in 2014, 3.7 per cent. in 2015, 4.4 per cent in 2016, 5.0 per cent. in 2017 and 5.2 per cent. in 2018.

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

The Abu Dhabi Retirement Benefits and Pension Fund (the **Pension Fund**) was created in June 2000 to provide pensions to all nationals employed in the public, semi-government and the private sector in Abu Dhabi. The Pension Fund provides a percentage of the average basic salary of the final three years of employment, plus the last pensionable allowance as required by law, which ranges from 48 per cent. after 15 years employment to 80 per cent. after 25 years employment. Monthly contributions are made to the pension fund both by employers (at a rate of 15 per cent.) and by employees (at a rate of 5 per cent.) based on the employee's monthly pensionable salary. The government contributes an additional sum of 6 per cent. of the insured's pensionable salary.

The net asset value of the Pension Fund was AED 58.7 billion at 31 December 2018. As at the same date, the Pension Fund had an actuarial liability of AED 127.9 billion and an unfunded liability of AED 69.2 billion.

Separate social security provision is made for all members of the military and the police force and this provision is funded by Abu Dhabi through the contributions it makes to the federal government budget in this respect.

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

The Thiqa Health Insurance Program was launched in Abu Dhabi in May 2008 as part of the implementation of Abu Dhabi Health Insurance Law No. 23 of 2005 and is provided by the National Health Insurance Company, DAMAN. The Thiqa Health Insurance Program covers all UAE nationals working and residing in Abu Dhabi. The Abu Dhabi government funds the costs of the programme to the extent that it is provided free to UAE nationals in Abu Dhabi. Non-nationals are required to take out health insurance which is paid for by their employers.

## **INFRASTRUCTURE**

### **Roads and Highways**

Abu Dhabi has an extensive network of roads connecting the emirate with Saudi Arabia in the west, Oman in the east and Dubai in the north. Over the past two decades, a network of roads has been built up both within urban areas and connecting various towns and villages in the emirate.

The Abu Dhabi Urban Structure Plan envisages an integrated multi-modal transport system for Abu Dhabi city, utilising and enhancing the existing regular grid of boulevards running through the city with additional streets within blocks with a view to distributing traffic evenly and more efficiently through

the core. Additions and improvements to the regional road and public transport networks in the emirate are also highlighted in the equivalent urban structure plans for both Al Ain and Al Gharbia.

### **Ports and Airports**

The Khalifa Port in the city of Abu Dhabi is the emirate's main general cargo port and is the first semi-automated container port in the MENA region and one of the most technologically advanced ports in the world, capable of accommodating the largest ships currently built. Built at Al Taweelah by Abu Dhabi Ports Company, which is also the owner, dredging and reclamation work commenced on the project in April 2008 and the port was officially inaugurated in December 2012. Upon completion, Khalifa Port took over all of the existing operations of Mina (Port) Zayed, which had previously been the emirate's principal cargo port, and has since been redeveloped as a major luxury cruise ship terminal. Terminals at Jebel Dhanna and Das, Zirku and Mubarraz islands handle a significant proportion of the emirate's crude oil and gas exports.

Khalifa Port was constructed on a 2.7 km<sup>2</sup> reclaimed island located halfway between the cities of Abu Dhabi and Dubai. Khalifa Port currently has capacity for 5 million TEUs and 5 million tonnes per annum of general cargo. The container capacity is expected to reach 9.1 million TEUs and 16.5 million tonnes per annum of general cargo within the next five years. Future capacity at the fully built-out Khalifa Port is expected to reach 15 million TEUs and 35 million tonnes per annum of general cargo when all phases of the port have been completed.

Khalifa Port's infrastructure includes a 4 km long quay wall, 16.5 metre draught and a 12 km long and 250 metre wide channel. Abu Dhabi Terminals, a subsidiary of Abu Dhabi Ports, is the operator of the Khalifa Port container terminal.

ADAC has had, since it was established in 2006, overall responsibility for the operation, maintenance and redevelopment of Abu Dhabi's airports. ADAC operates five airports: Abu Dhabi International Airport, Al Ain International Airport, Al Bateen Executive Airport, Delma Island Airport and Sir Bani Yas Airport.

Abu Dhabi International Airport currently handles over 24 million passengers per year. ADAC is undertaking a multi-billion dirham project to develop a new 742,000 m<sup>2</sup> Midfield Terminal Building. This project is expected to nearly double the airport's capacity, to 45 million, when it is completed, which is currently anticipated to be in 2019.

### **Telecommunications**

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

In mid-2004, the federal government announced plans to end the monopoly of Etisalat. A regulator, the Telecommunications Regulatory Authority (**TRA**), was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company (**EITC**), a new telecom provider, operating under the brand name "du". A third mobile provider, Virgin Mobile (owned by EITC), began providing subscription-based services in September 2017. EITC is partly owned by the Abu Dhabi government through Mubadala.

According to the TRA, as at March 2019 there were approximately 2.3 million fixed lines (including ISDN fixed lines) in operation in the UAE, with 19.2 million active mobile subscribers (216 per cent. penetration) and 3.0 million broadband internet subscribers. No separate statistics are available for Abu Dhabi.

### **Energy and Water**

The Abu Dhabi water and electricity sector comprises the production, transmission, distribution and supply of electricity and potable water to customers. In 1998, the Abu Dhabi Water and Electricity Authority (**ADWEA**) was formed by the government of Abu Dhabi to assume responsibility for the water and electricity sector in Abu Dhabi. In 2018, ADWEA became part of a newly created Abu Dhabi Department of Energy.

Electricity is generated in predominantly gas-fired power stations located throughout the emirate. Transmission lines at voltages of 400, 220 and 132 kilovolts connect the major centres of generation and demand (some small centres of population in remote areas are not connected to the transmission grid and are served by separate generating facilities). Electricity is distributed to customers at 33, 22, 11 and 0.4 kilovolts through two licensed distributors based in Abu Dhabi city and Al Ain.

In April 2019, one of the largest single site solar installations in the world was launched commercially. The 1.17 gigawatt solar photovoltaic plant is located in Sweihan, about 100 kilometres south-east of Abu Dhabi city, and was built by a consortium of Japanese and Chinese companies.

Potable water is produced mainly from desalination plants. Desalination takes place predominantly alongside the generation of electricity in cogeneration stations. Water is transmitted through 600 millimetre (mm) to 1,600 mm diameter trunk mains pipelines and pumping stations. Distribution to customers is carried out through main pipelines of less than 600 mm diameter and, in some remote areas, by road tankers.

According to the new Department of Energy, gross energy generated (including exports) in 2018 was 84,531 gigawatt hours. Desalinated water production in 2018 was 267,107 million gallons, with thermal desalination accounting for 85 per cent. of the water production and reverse osmosis the balance. Installed electricity generation capacity in Abu Dhabi was 16,622 MW in 2018 and the hourly global demand was 15,015 MW (including the export to the northern emirates). Installed desalinated water capacity in Abu Dhabi was 960 million gallons per day in 2018.

In December 2009, the Abu Dhabi government established ENEC as the entity responsible for developing nuclear power plants in the UAE. ENEC is currently constructing four APR 1400 nuclear reactors with a gross capacity of 1,400 MW each. The construction of the first reactor was approximately 98 per cent. complete at 31 December 2018 and the four reactors overall were approximately 92 per cent. complete at the same date. The current projected schedule is for Unit 1 to obtain its operating licence to load fuel before or during 2020, with the other units being brought on line at approximately one-year intervals thereafter. The plant will be operated by a joint venture with an experienced international nuclear partner. Nuclear reactor construction projects are inherently complex and subject to uncertainties, therefore no assurance is given that the individual units will be brought into production when stated or at all. See “*Cautionary Statement Regarding Forward Looking Statements*” at the beginning of this Base Prospectus.

The project is located at Barakah in Abu Dhabi, approximately 53 km west-southwest of the city of Ruwais. ENEC is regulated by the Federal Authority for Nuclear Regulation, an independent federal agency charged with regulation and licensing of all nuclear energy activities in the UAE with public safety as its primary objective. ENEC is also regulated by the Environment Agency – Abu Dhabi.

In early 2017, the UAE government announced its 2050 Energy Strategy, which targets an energy mix that combines renewable, nuclear and clean energy resources to meet the country’s requirements and environmental goals. The Plan envisages increasing the contribution of clean energy in the total energy mix to 50 per cent. (of which 44 per cent. of the total energy mix is intended to be renewable energy and the remaining six per cent of the total energy mix is intended to be nuclear energy) and cutting carbon dioxide emissions by 70 per cent., in each case by 2050.

## **FOREIGN DIRECT INVESTMENT AND FREE ZONES**

### **Foreign Direct Investment**

The government has sought to establish favourable conditions and to enhance investor confidence in Abu Dhabi’s economy. A transparent tax structure, with a supporting judicial system, investment encouraging business legislation and the establishment of industrial and free zones are all part of this effort. For further information on such initiatives, including a new law which permits non-nationals to own land and property within designated investment areas on a freehold basis, see “—*Principal Sectors of the Economy—Construction and Real Estate*” above. A new federal law on Foreign Direct Investment, issued in November 2018, provides a framework for the Cabinet to allow increased foreign ownership in selected sectors and sets out a process for applying for majority foreign ownership.

The total value of foreign direct investment (FDI) in Abu Dhabi at the end of 2018 was estimated to be AED 104,941 million compared to AED 99,837 million at the end of 2017, AED 100,887 million at the end of 2016, AED 88,095 million at the end of 2015 and AED 81,112 million at the end of 2014. FDI

grew at rates of 12.8 per cent. in 2014, 8.6 per cent. in 2015, 14.5 per cent. in 2016, minus 1.0 per cent. in 2017 and 5.1 per cent. in 2018.

The table below shows the stock of FDI in Abu Dhabi by economic activity for each of the years indicated.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018<sup>(1)</sup></b>
	<b>(AED millions)</b>				
Real estate and business services <sup>(2)</sup> .....	23,513	23,793	27,954	29,139	30,105
Manufacturing industries .....	15,502	17,204	18,113	20,062	21,346
Financial institutions and insurance .....	12,731	13,338	10,497	10,609	10,985
Mining and quarrying .....	7,045	8,354	17,414	17,492	17,722
Electricity, gas and water .....	8,279	10,190	9,929	9,792	10,284
Transport, storage and communication .....	1,850	3,523	1,246	2,070	2,547
Professional, scientific and technical .....	3,015	3,198	4,327	2,460	2,855
Construction .....	7,281	6,379	8,010	5,404	5,964
Other <sup>(3)</sup> .....	1,897	2,117	3,396	2,811	3,132
<b>Total</b> .....	<b>81,112</b>	<b>88,095</b>	<b>100,887</b>	<b>99,837</b>	<b>104,941</b>

Notes:

- (1) Preliminary data
- (2) Almost entirely comprises real estate sales to non-residents
- (3) Comprising wholesale, retail trade and repairing services; accommodation and food services; information and communication; administrative and support services; education; health; and arts, recreation and other services

Source: SCAD

In 2018, the sectors with the largest value of FDI in Abu Dhabi were real estate and business services (which almost entirely comprises real estate sales to non-residents) at 28.7 per cent., manufacturing industries at 20.3 per cent.; and mining and quarrying (including crude oil and natural gas) at 16.9 per cent. The fastest growing of the sectors listed in the table above between 2014 and 2018 were mining and quarrying; transport, storage and communication; and manufacturing industries, with compound annual growth rates over the period of 25.9 per cent., 8.3 per cent. and 8.3 per cent., respectively.

The table below shows the flows of FDI in Abu Dhabi by economic activity for each of the years indicated.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018<sup>(1)</sup></b>
	<b>(AED millions)</b>				
Real estate and business services <sup>(2)</sup> .....	(86)	280	4,161	1,185	967
Manufacturing industries .....	2,459	1,702	909	1,949	1,284
Financial institutions and insurance .....	2,594	607	(2,841)	113	376
Mining and quarrying .....	(222)	1,309	9,060	78	230
Electricity, gas and water .....	1,375	1,911	(261)	(138)	492
Transport, storage and communication .....	(142)	(1,674)	(2,277)	823	478
Professional, scientific and technical .....	1,233	182	1,130	(1,868)	395
Construction .....	1,390	(902)	(1,632)	(2,607)	560
Other <sup>(3)</sup> .....	581	220	1,279	(585)	321
<b>Total</b> .....	<b>9,181</b>	<b>6,983</b>	<b>12,792</b>	<b>(1,050)</b>	<b>5,103</b>

Notes:

- (1) Preliminary data
- (2) Almost entirely comprises real estate sales to non-residents
- (3) Comprising wholesale, retail trade and repairing services; accommodation and food services; information and communication; administrative and support services; education; health; and arts, recreation and other services

Source: SCAD

In 2018, the sectors with the largest value of FDI flows in Abu Dhabi were manufacturing industries at 25.2 per cent., real estate at 18.9 per cent.; and construction at 11.0 per cent.



The table below shows the percentage distribution of FDI in Abu Dhabi by region for each of the years indicated. Data for 2018 is not currently available.

	2014	2015	2016	2017
	(per cent.)			
GCC countries .....	3.5	3.6	2.8	3.4
Other Arab countries.....	8.2	7.3	8.0	6.1
Other Asian countries .....	9.8	12.5	12.5	13.9
European countries .....	40.7	38.8	42.1	38.8
North America .....	7.3	9.3	6.7	7.6
Latin America .....	0.1	—	0.1	(0.1)
Other <sup>(1)</sup> .....	30.3	28.4	27.9	30.3
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes:

(1) Almost entirely comprises real estate sales to non-residents

Source: SCAD

Excluding real estate sales to non residents (which are classified as other), European countries are the principal source of FDI in Abu Dhabi, accounting for 38.8 per cent. of the FDI stock at 31 December 2017. In Europe, the major source countries are Austria, France, the United Kingdom, The Netherlands and Germany. On the same basis, the GCC and other Arab countries accounted for 9.5 cent. of the stock of FDI at 31 December 2017 while other Asian countries accounted for 13.9 per cent. of FDI stock at 31 December 2017. There is a large percentage of FDI from other countries (30.3 per cent. at 31 December 2017), principally reflecting the fact that for the geographical presentation real estate sales to non residents are all counted as other.

Total portfolio investments in Abu Dhabi consisting of investments by non-residents in equity securities and investments by non-residents in debt securities amounted to AED 127,580 million in 2017, AED 131,354 million in 2016, AED 87,895 million in 2015 and AED 57,283 million in 2014. Portfolio investments are concentrated in the financial institutions and insurance sector.

Other investments by non-residents (principally comprising loans, bank deposits and other non-equity and non-debt securities investments) amounted to AED 263,607 million in 2017, AED 227,290 million in 2016, AED 177,111 million in 2015 and AED 160,364 million in 2014. The vast majority of other investments are in the financial institutions and insurance sector.

### Free zones

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

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

ZonesCorp, the government backed entity that manages specialised economic zones in Abu Dhabi, was established in 2004. The main objectives of ZonesCorp are to create, operate and manage free zones. Its range of services include the issue of industrial licences, the provision of suitable development sites for factories, and the issue of customs exemptions for goods, equipment and machines imported by entities located in its free zones. ZonesCorp has been establishing and developing industrial cities with a view to attracting multinational and national operations and investors. ZonesCorp provides infrastructure and services that offer investors a business friendly environment with a view to attracting and promoting

industries that are knowledge, energy and capital intensive in nature. The principal free zones managed by ZonesCorp are ICAD in Abu Dhabi city and an industrial city in the city of Al Ain, each as briefly described below. In addition, the Masdar Initiative includes a free zone, the Abu Dhabi Global Market is a financial free zone and an industrial zone is located at the Khalifa Port.

#### ***Industrial City of Abu Dhabi***

ICAD is located in Mussafah, 30 km from the city of Abu Dhabi and 25 km from Abu Dhabi International Airport. ICAD is being established in a number of phases.

Key sectors positioning themselves in ICAD include basic metals, building products and construction materials, oil and gas services, agriculture and food processing, paper and wood products, automotive industries, logistics services, high-tech industries, financial services, pharmaceutical and medical companies, polymers, and chemical and petrochemical industries. The ICAD facilities include hotels, a cultural centre, banks, shopping malls and health centres as well as a residential area for factory workers.

#### ***Al Ain Industrial City***

Al Ain industrial city is located on the eastern border of the emirate about 25 km from the centre of Al Ain. Al Ain industrial city aims to attract light manufacturing and repair workshops covering a range of industries including textiles, paper and wood. In addition, the chemicals and plastics industries as well as technology and environmental concerns are being targeted.

#### ***Masdar City***

Masdar is developing a special free zone area within Masdar City (see “—*Construction and Real Estate*” above). The special free zone area is expected to have up to 3.6 million m<sup>2</sup> GFA and offer its tenants an attractive package of incentives, including permission for 100 per cent. foreign ownership and a tax-free environment.

#### ***Abu Dhabi Global Market***

For further information on ADGM, see “*Overview of the Emirate of Abu Dhabi—Governance, Legislation and Judiciary—Legal and Court System*”.

#### ***Khalifa Industrial Zone***

The Khalifa Industrial Zone Abu Dhabi (**Kizad**) is a trade and industrial hub which is fully integrated with Khalifa Port. Kizad includes two elements devoted to logistics: a port logistics zone next to the port and a 2.1 km<sup>2</sup> logistics cluster with dedicated plots available for lease. In addition, Kizad has developed industrial clusters hosting primary industries such as aluminium; engineered metal products; food; trade and logistics; and mixed use, such as paper, print and packaging, chemicals and plastics, construction and building materials, and pharmaceuticals and medical equipment.

## BALANCE OF PAYMENTS AND FOREIGN TRADE

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

### BALANCE OF PAYMENTS

#### Current Account

The table below shows the balance of payments for the UAE for each of the years indicated.

	2014	2015	2016	2017	2018
	(AED billions)				
<b>Current account balance</b> .....	<b>200.1</b>	<b>64.5</b>	<b>48.5</b>	<b>101.0</b>	<b>139.0</b>
Trade balance (FOB) .....	347.5	232.8	202.4	246.9	299.5
Total exports of the hydrocarbon sector.....	374.1	225.8	170.6	213.5	232.1
Non-hydrocarbon exports .....	369.9	382.5	380.0	391.5	410.6
Re-exports <sup>(1)</sup> .....	515.8	495.2	532.9	546.5	521.2
Total exports and re-exports (FOB) .....	1,259.8	1,103.5	1,083.5	1,151.5	1,163.9
Total imports (FOB) .....	(912.3)	(870.7)	(881.1)	(904.7)	(864.4)
Services (net) .....	(46.1)	(29.2)	(18.0)	(4.8)	(1.8)
Investment income (net) .....	2.4	6.4	7.7	10.2	7.3
Transfers (net).....	(103.7)	(145.6)	(143.6)	(151.3)	(166.0)
<b>Capital and financial account</b> <sup>(2)</sup> .....	<b>(153.2)</b>	<b>(11.8)</b>	<b>(71.0)</b>	<b>(62.6)</b>	<b>(123.1)</b>
Net errors and omissions.....	(13.5)	3.6	(3.5)	(2.0)	(3.0)
<b>Overall balance</b> .....	<b>33.4</b>	<b>56.2</b>	<b>(26.0)</b>	<b>36.4</b>	<b>13.0</b>

Notes:

- (1) Including re-exports of non-monetary gold.
- (2) Standalone capital account data not available due to the fact that the UAE does not distinguish between cash and non-cash investment inflows.

Source: UAE Central Bank

The UAE has a long history of positive trade balances reflecting both the importance of its hydrocarbon exports and its significant volumes of re-exports. The UAE's hydrocarbon exports accounted for 29.7 per cent. of total exports and re-exports in 2014, 20.5 per cent. in 2015, 15.7 per cent. in 2016, 18.5 per cent. in 2017 and 19.9 per cent. in 2018. The UAE's re-exports accounted for 40.9 per cent. of total exports and re-exports in 2014, 44.9 per cent. in 2015, 49.2 per cent. in 2016, 47.5 per cent. in 2017 and 44.8 per cent. in 2018.

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. Crude oil makes up the majority of Abu Dhabi's hydrocarbon exports, accounting for 54.0 per cent. in 2018, 53.9 per cent. in 2017, 54.2 per cent. in 2016 and 76.9 per cent. in 2015.

The significant reduction in crude oil prices since mid-2014 resulted in a significant fall in hydrocarbon exports in 2015 relative to 2014 and in 2016 relative to 2015. These falls were the principal cause of the lower trade balances in each year, although the negative effects of this trend were partially mitigated by increased non-hydrocarbon exports in 2015 (although such exports decreased slightly in 2016 in part reflecting a slowdown in demand from significant external trade partners such as India, Saudi Arabia and Oman) and increased re-exports in 2016 and 2017, in each case compared to the previous year. In 2017 and 2018, hydrocarbon exports increased along with a recovery in crude oil prices. Non-hydrocarbon exports also increased in both years which also contributed to the increase in the trade balance.

The UAE's imports declined by 4.6 per cent. in 2015, grew by 1.2 per cent. in 2016, grew by 2.7 per cent. in 2017 and declined by 4.4 per cent. in 2018.

The UAE's trade balance as a percentage of its nominal GDP was 23.5 per cent. in 2014, 17.7 per cent. in 2015, 15.4 per cent. in 2016, 17.8 per cent. in 2017 and 19.7 per cent. in 2018.

Data on non-trade flows in 2018 into and out of the UAE is not final and could be subject to revision, principally reflecting 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's net services deficit declined in each year, principally driven by lower hydrocarbon prices boosting the net travel inflow and increasing inbound tourism, although in 2018 this was partly offset by significantly lower estimated spending per traveller. Although there is a deficit on the net services balance and a high level of current transfers, these have not outweighed the trade surplus in recent years, resulting in a positive, although declining, current account balance in each of 2014, 2015 and 2016, equal to 13.5 per cent., 4.9 per cent. and 3.7 per cent. respectively, of the UAE's nominal GDP in each of these years. The UAE's current account balance increased in each of 2017 and 2018, equalling 7.3 per cent. and 9.1 per cent., respectively, of its nominal GDP in those years.

### Capital and Financial Accounts

No separate data is released on the UAE's capital account as the UAE does not distinguish between cash and non-cash investment inflows.

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, historically, generally been outward, preserving the UAE's position as a net international creditor and foreign investor. Most capital outflows have been directed towards the US and European capital markets although more recently there has also been an increase in direct investment in Europe, Asia and the Middle East.

The principal factor impacting the financial account balance in the period from 2014 to 2018 was private sector bank inflows and outflows. There was an outflow of AED 6.6 billion in 2014. In 2015, there was an inflow of AED 91.6 billion and, in 2016, 2017 and 2018, outflows of AED 39.7 billion, AED 33.2 billion and AED 80.2 billion, respectively. The inflow in 2015 principally reflected reduced liquidity in the banking sector (in part reflecting reduced government deposits during the year as a result of significantly lower oil prices). Other factors impacting the financial account balance during the period were outward flows by public sector entities, which were AED 119.8 billion in 2014, AED 53.5 billion in 2015, AED 3.0 billion in 2016, AED 3.0 billion in 2017 and AED 10.0 billion in 2018, and net direct investment flows, which were net outward flows of AED 3.4 billion in 2014, AED 29.0 billion in 2015, AED 14.7 billion in 2016, AED 13.6 billion in 2017 and AED 17.2 billion in 2018.

As a result of movements in the capital and financial account, and after taking into account errors and omissions, the UAE's balance of payments showed a surplus of AED 33.4 billion in 2014 and AED 56.2 billion in 2015, a deficit of AED 26.0 billion in 2016, and a surplus of AED 36.4 billion in 2017 and AED 13.0 billion in 2018 equal to 2.3 per cent., 4.3 per cent., minus 2.0 per cent., 2.6 per cent. and 0.9 per cent., respectively, of the UAE's nominal GDP in 2014, 2015, 2016, 2017 and 2018.

As at 31 December 2018, the UAE's official foreign reserves (in the form of the UAE Central Bank's holdings of foreign assets) amounted to AED 362.6 billion, or 5.0 months of imports, compared to AED 347.7 billion, or 4.6 months of imports, as at 31 December 2017.

## FOREIGN TRADE

### Hydrocarbon Exports

The table below shows Abu Dhabi's crude oil production capacity, crude oil production (including condensates), exports and average selling prices for each of the years indicated.

	2014	2015	2016	2017	2018
Crude oil production (million b/d) .....	3.0	3.1	3.3	3.0	3.0
Crude oil exports (million b/d) <sup>(1)</sup> .....	2.5	2.4	2.6	2.4	2.3
Crude oil exports (U.S.\$ billions) <sup>(2)</sup> .....	72	32	25	26	34
Average selling price (U.S.\$ per barrel) .....	99	53	44	55	73

Notes:

(1) ADNOC and industry shareholders combined.

(2) ADNOC only.

Source: ADNOC

Abu Dhabi has exported approximately 80 per cent. of its total crude oil production over the five years from 2014. Markets in the Far East, in particular Japan, are the most significant markets for Abu Dhabi's crude oil exports.

In addition to crude oil, the principal hydrocarbon products produced and exported by Abu Dhabi are LNG, LPG, paraffinic naphtha and sulphur. The table below shows production and export figures for Abu Dhabi's principal hydrocarbon products in each of the years indicated.

	2014		2015		2016		2017		2018	
	Production	Exports	Production	Exports	Production	Exports	Production	Exports	Production	Exports
(thousand metric tonnes)										
LNG <sup>(1)</sup> .....	6,047	5,856	5,929	5,625	5,996	5,929	5,831	5,680	5,601	5,418
LPG <sup>(2)</sup> .....	8,285	8,233	9,200	8,966	9,384	9,216	11,029	10,783	9,886	9,482
Paraffinic										
naphtha <sup>(2)</sup> .....	2,767	2,753	3,191	3,204	3,564	3,560	4,111	3,931	3,663	3,546
Sulphur <sup>(3)</sup> .....	2,161	2,153	4,356	4,342	6,084	6,064	6,440	6,274	6,797	6,610

Notes:

(1) ADNOC LNG production and exports. ADNOC LNG is 70 per cent. owned by ADNOC.

(2) ADNOC share of the production of ADNOC LNG and ADNOC Gas Processing. ADNOC Gas Processing is 68 per cent. owned by ADNOC.

(3) ADNOC share of the production of ADNOC LNG, ADNOC Gas Processing and ADNOC Sour Gas, a company which is 60 per cent. owned by ADNOC and commenced gas production at its Shah gas plant in January 2015.

(4) The figures in the table above do not account for changes in inventories.

Source: ADNOC

### Non-hydrocarbon exports and imports

*The information in the tables below uses data supplied by the Abu Dhabi Customs Department and therefore excludes all non-hydrocarbon exports and imports to the neighbouring emirate of Dubai. As a significant proportion of Abu Dhabi's non-hydrocarbon exports and imports are made through free zones in Dubai, this data does not present a complete picture of Abu Dhabi's trade flows. The tables demonstrate considerable volatility from year to year in particular items exported and imported and the destinations and sources of exports and imports. This volatility is a function of the data captured and not captured and may reflect products being routed from neighbouring emirates through Abu Dhabi or vice versa or other factors of a one-off nature.*

The table below shows Abu Dhabi's non-hydrocarbon exports and its imports in each of the years indicated.

	2014	2015	2016	2017	2018
(AED millions)					
Non-hydrocarbon exports .....	18,964	30,803	28,029	22,347	27,654
Re-exports.....	25,316	18,826	24,759	21,772	26,279
Imports.....	107,976	119,328	117,817	112,121	112,954

Source: SCAD

The principal channel for imports is by sea, with sea-borne imports in 2018 accounting for 57.4 per cent of total imports by value. Imports by land (from Saudi Arabia and Oman, as imports from or through Dubai are not captured) and by air accounted for 15.4 per cent. and 27.1 per cent., respectively, of total

imports by value in 2018. In 2018, non-hydrocarbon exports were mainly transported by land, with this mode accounting for 44.2 per cent. of total non-hydrocarbon exports by value. Exports by sea and by air accounted for 27.5 per cent. and 28.3 per cent., respectively, of total non-hydrocarbon exports by value in 2018.

The tables below provide information on Abu Dhabi's principal non-hydrocarbon exports, re-exports and imports by broad economic category in each of the years indicated.

#### *Non-hydrocarbon exports by type*

	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
Industrial supplies n.e.s. <sup>(1)</sup> .....	16,555.5	87.3	26,636.1	86.5	24,837.7	88.6	20,188.6	90.3	24,750.5	89.5
Capital goods (except transport equipment).....	1,058.5	5.6	1,118.3	3.6	792.3	2.8	447.8	2.0	1,005.7	3.6
Food and beverages .....	641.9	3.4	1,585.8	5.1	1,328.8	4.7	955.9	4.3	999.2	3.6
Consumer goods .....	477.1	2.5	1,217.0	4.0	826.3	2.9	497.6	2.2	443.4	1.6
Transport equipment and parts .....	194.8	1.0	201.8	0.7	192.1	0.7	219.6	1.0	368.4	1.3
Fuels and lubricants .....	35.1	0.2	38.7	0.1	31.6	0.1	23.6	0.1	60.1	0.2
Goods n.e.s. <sup>(1)</sup> .....	0.7	0.0	5.1	0.0	18.2	0.1	13.5	0.1	26.6	0.1
<b>Total.....</b>	<b>18,963.6</b>	<b>100.0</b>	<b>30,802.8</b>	<b>100.0</b>	<b>28,027.0</b>	<b>100.0</b>	<b>22,346.6</b>	<b>100.0</b>	<b>27,653.9</b>	<b>100.0</b>

Note:

(1) n.e.s. means not elsewhere specified

Source: SCAD

Abu Dhabi's principal non-hydrocarbon export broad product type is industrial supplies, principally those derived from hydrocarbons, such as plastics, and base metal products, including aluminium and steel produced by EMAL and ESI. These products accounted for 87.3 per cent. of non-hydrocarbon exports in 2014, 86.5 per cent. in 2015, 88.6 per cent. in 2016, 90.3 per cent. in 2017 and 89.5 per cent. in 2018.

#### *Re-exports by type*

	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
Transport equipment and parts .....	4,624.8	18.3	4,292.8	22.8	7,474.5	30.2	9,431.5	43.3	13,745.0	52.3
Consumer goods n.e.s. <sup>(1)</sup> .....	10,524.3	41.6	5,338.9	28.4	5,590.3	22.6	4,382.3	20.1	5,806.3	22.1
Capital goods (except transport equipment).....	6,057.8	23.9	4,915.1	26.1	4,112.5	16.6	4,542.2	20.9	4,855.7	18.5
Industrial supplies n.e.s. <sup>(1)</sup> .....	4,034.6	15.9	4,185.4	22.2	7,246.8	29.3	3,040.5	14.0	1,460.8	5.6
Food and beverages .....	52.0	0.2	49.8	0.3	116.1	0.5	171.2	0.8	218.2	0.8
Goods n.e.s. <sup>(1)</sup> .....	7.0	0.0	9.2	0.0	208.4	0.8	198.3	0.9	185.8	0.7
Fuels and lubricants .....	15.5	0.1	34.8	0.2	10.6	0.0	6.3	0.0	6.8	0.0
<b>Total.....</b>	<b>25,315.9</b>	<b>100.0</b>	<b>18,826.0</b>	<b>100.0</b>	<b>24,759.2</b>	<b>100.0</b>	<b>21,772.3</b>	<b>100.0</b>	<b>26,278.6</b>	<b>100.0</b>

Note:

(1) n.e.s. means not elsewhere specified

Source: SCAD

Abu Dhabi's principal re-export broad product types are transport equipment and parts (principally vehicles and aircraft parts), consumer goods (including electrical machinery), capital goods (excluding transport equipment) and industrial supplies. Together these products accounted for 99.7 per cent. of

re-exports in 2014, 99.5 per cent. in 2015, 98.7 per cent. in 2016, 98.3 per cent. in 2017 and 98.4 per cent. in 2018.

In terms of imports, in 2018, Abu Dhabi re-exported 45.4 per cent. of its imports of transport equipment and parts, 57.6 per cent. of its imports of consumer goods, 25.7 per cent. of its imports of capital goods (excluding transport equipment) and 3.1 per cent. of its imports of industrial supplies.

### *Imports by type*

	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
Industrial supplies n.e.s. <sup>(1)</sup> .....	41,469.0	38.4	43,396.8	36.4	41,486.5	35.2	41,239.2	36.8	46,818.2	41.4
Transport equipment and parts.....	28,268.9	26.2	28,782.1	24.1	34,365.4	29.2	33,266.3	29.7	30,274.0	26.8
Capital goods (except transport equipment).....	23,626.3	21.9	32,898.8	27.6	29,218.8	24.8	22,711.7	20.3	18,905.0	16.7
Consumer goods.....	6,780.2	6.3	6,751.3	5.7	5,758.6	4.9	7,455.8	6.6	10,084.0	8.9
Food and beverages.....	6,551.3	6.1	6,713.2	5.6	6,340.9	5.4	6,239.6	5.6	6,184.4	5.5
Fuels and lubricants.....	782.3	0.7	534.6	0.4	460.1	0.4	461.2	0.4	600.7	0.5
Goods n.e.s. <sup>(1)</sup> .....	498.1	0.5	250.9	0.2	176.6	0.1	746.8	0.7	87.3	0.1
<b>Total.....</b>	<b>107,976.0</b>	<b>100.0</b>	<b>119,327.7</b>	<b>100.0</b>	<b>117,806.9</b>	<b>100.0</b>	<b>112,120.6</b>	<b>100.0</b>	<b>112,953.6</b>	<b>100.0</b>

Note:

(1) n.e.s. means not elsewhere specified

Source: SCAD

Abu Dhabi's principal import broad product types are industrial supplies (including raw materials for its industrial and petrochemical plants), transport equipment and parts (including vehicles, aircraft and spacecraft parts and marine vessels) and capital goods (except transport equipment), including nuclear equipment. Together these three product types accounted for 86.5 per cent. of imports in 2014, 88.1 per cent. in 2015, 89.2 per cent. in 2016, 86.7 per cent. in 2017 and 85.0 per cent. in 2018.

The tables below provide information on the geographical breakdown of Abu Dhabi's non-hydrocarbon exports, re-exports and imports in each of the years indicated.

### *Non-hydrocarbon exports by destination*

	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
Saudi Arabia.....	5,259.0	27.7	9,035.5	29.3	3,918.6	14.0	2,737.8	12.3	4,955.2	17.9
China.....	2,631.5	13.9	2,649.4	8.6	5,180.2	18.5	4,129.2	18.5	3,549.6	12.8
United States.....	325.3	1.7	387.8	1.3	767.1	2.7	2,374.5	10.6	3,064.7	11.1
India.....	1,452.8	7.7	979.3	3.2	2,631.9	9.4	1,774.9	7.9	2,470.5	8.9
Oman.....	868.1	4.6	983.7	3.2	950.6	3.4	1,193.5	5.3	1,417.9	5.1
The Netherlands.....	434.5	2.3	249.3	0.8	523.0	1.9	1,014.7	4.5	1,217.0	4.4
Bahrain.....	336.9	1.8	463.7	1.5	513.0	1.8	496.7	2.2	1,151.4	4.2
Switzerland.....	9.5	0.1	6,559.8	21.3	2,240.0	8.0	175.8	0.8	1,005.3	3.6
Egypt.....	564.9	3.0	501.9	1.6	962.2	3.4	631.4	2.8	891.1	3.2
Kuwait.....	559.1	2.9	1,354.9	4.4	905.2	3.2	815.8	3.7	860.4	3.1
<b>Sub-total.....</b>	<b>12,441.6</b>	<b>65.6</b>	<b>23,165.3</b>	<b>75.2</b>	<b>18,591.8</b>	<b>66.3</b>	<b>15,344.3</b>	<b>68.7</b>	<b>20,623.1</b>	<b>74.6</b>
Others.....	6,522.0	34.4	7,637.5	24.8	9,435.2	33.7	7,003.3	31.3	7,030.8	25.4
<b>Total.....</b>	<b>18,963.6</b>	<b>100.0</b>	<b>30,802.8</b>	<b>100.0</b>	<b>28,027.0</b>	<b>100.0</b>	<b>22,347.6</b>	<b>100.0</b>	<b>27,653.9</b>	<b>100.0</b>

Note:

(1) Countries presented are the destinations individually accounting for more than 3 per cent. of non-hydrocarbon exports in 2018.

Source: SCAD

Abu Dhabi's two principal destinations for non-hydrocarbon exports between 2014 and 2018 have been Saudi Arabia and China, which together accounted for 41.6 per cent. of its exports in 2014, 37.9 per cent. in 2015, 32.5 per cent. in 2016, 30.8 per cent. in 2017 and 30.7 per cent. in 2018. The United States was also a significant export destination in 2017 and 2018 and India has accounted for more than 7 per cent. of Abu Dhabi's exports in each of 2014, 2016, 2017 and 2018.

### *Re-exports by source*

	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
Saudi Arabia.....	5,605.6	22.1	4,122.4	21.9	3,009.1	12.2	2,621.7	12.0	3,004.3	11.4
Kuwait.....	2,230.3	8.8	2,400.0	12.7	1,893.8	7.6	2,900.2	13.3	2,980.8	11.3
China.....	210.0	0.8	252.8	1.3	2,136.9	8.6	3,443.8	15.8	2,736.7	10.4
Bahrain.....	2,754.5	10.9	2,563.2	13.6	2,231.4	9.0	2,360.0	10.8	2,522.5	9.6
Germany.....	368.6	1.5	277.0	1.5	222.4	0.9	975.2	4.5	1,916.0	7.3
United Kingdom.....	421.2	1.7	436.9	2.3	2,610.2	10.5	878.8	4.0	864.6	3.3
<b>Sub-total.....</b>	<b>11,590.2</b>	<b>45.8</b>	<b>10,052.3</b>	<b>53.4</b>	<b>12,103.8</b>	<b>48.9</b>	<b>13,179.7</b>	<b>60.5</b>	<b>14,024.9</b>	<b>53.4</b>
Others.....	13,725.7	54.2	8,773.7	46.6	12,655.4	51.1	8,592.6	39.5	12,253.7	46.6
<b>Total.....</b>	<b>25,315.9</b>	<b>100.0</b>	<b>18,826.0</b>	<b>100.0</b>	<b>24,759.2</b>	<b>100.0</b>	<b>21,772.3</b>	<b>100.0</b>	<b>26,278.6</b>	<b>100.0</b>

Note:

(1) Countries presented are the destinations individually accounting for more than 3 per cent. of re-exports in 2018.

Source: Abu Dhabi Customs Department

Abu Dhabi's re-exports have principally been to Saudi Arabia, Kuwait and Bahrain in each year between 2014 and 2018. Together, these countries accounted for 41.8 per cent. of Abu Dhabi's re-exports in 2014, 48.2 per cent. in 2015, 28.8 per cent. in 2016, 36.1 per cent. in 2017 and 32.3 per cent. in 2018. Since 2016, China has also become a significant re-export destination. Qatar and Switzerland were both significant re-export destinations in 2014 to 2016, although Switzerland's share has declined since 2014 and Qatar's share was adversely affected by the trade sanctions imposed by the UAE and certain other countries in 2017.

### *Imports by source*

	2014		2015		2016		2017		2018	
	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)	(AED millions)	(%)
United States.....	13,666.8	12.7	18,511.0	15.5	21,689.5	18.4	16,949.3	15.1	13,011.7	11.5
Saudi Arabia.....	11,589.8	10.7	12,215.4	10.2	11,192.9	9.5	11,928.1	10.6	12,685.6	11.2
Japan.....	10,053.0	9.3	9,598.8	8.0	9,081.6	7.7	10,221.0	9.1	11,471.6	10.2
China.....	4,759.4	4.4	5,953.8	5.0	7,082.4	6.0	5,442.6	4.9	7,631.2	6.8
France.....	4,473.4	4.1	4,747.9	4.0	4,835.6	4.1	5,549.8	4.9	6,267.6	5.5
South Korea.....	5,838.5	5.4	7,355.5	6.2	7,376.8	6.3	6,332.8	5.6	5,978.3	5.3
India.....	2,763.5	2.6	2,829.1	2.4	3,023.9	2.6	3,508.8	3.1	5,491.0	4.9
Germany.....	8,432.5	7.8	8,115.7	6.8	6,278.2	5.3	6,003.9	5.4	5,342.7	4.7
Congo.....	3,193.8	3.0	2,655.3	2.2	2,388.1	2.0	2,981.9	2.7	4,849.4	4.3
<b>Sub-total.....</b>	<b>64,770.7</b>	<b>60.0</b>	<b>71,982.5</b>	<b>60.3</b>	<b>72,949.0</b>	<b>61.9</b>	<b>68,918.2</b>	<b>61.5</b>	<b>72,729.1</b>	<b>64.4</b>
Others.....	43,205.3	40.0	47,345.2	39.7	44,857.9	38.1	43,202.4	39.4	40,224.5	35.6
<b>Total.....</b>	<b>107,976.0</b>	<b>100.0</b>	<b>119,327.7</b>	<b>100.0</b>	<b>117,806.9</b>	<b>100.0</b>	<b>112,120.6</b>	<b>100.0</b>	<b>112,953.6</b>	<b>100.0</b>

Note:

(1) Countries presented are the sources individually accounting for more than 3 per cent. of imports in 2018.

Source: Abu Dhabi Customs Department



Abu Dhabi's major sources of imports are the United States, Saudi Arabia and Japan, which together accounted for 32.7 per cent. of Abu Dhabi's imports in 2014, 33.7 per cent. in 2015, 35.6 per cent. in 2016, 34.8 per cent. in 2017 and 32.9 per cent. in 2018.

## MONETARY AND FINANCIAL SYSTEM

*As Abu Dhabi 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 Abu Dhabi 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 is to maintain the UAE dirham as a stable and convertible currency. In common with most other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. dollars, the UAE dirham is linked to the U.S. dollar. In the case of the UAE, the exchange rate has been pegged 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.

The UAE authorities have expressed publicly their commitment to the UAE dirham/U.S. dollar peg, which has served the UAE well over time, with relatively stable growth and moderate inflation. Given the track record of the peg and the significant reserves available to back it, the UAE Central Bank's firm policy is to maintain this peg. See "*Risk Factors—Factors that may Affect the Issuer's Ability to Fulfil its Obligations under Notes Issued under the Programme—Any adjustment to, or ending of, the UAE's currency peg could negatively affect Abu Dhabi*". Reflecting this policy, the UAE Central Bank has limited scope to use interest rates as a monetary tool, but does employ macro-prudential measures, such as lending and exposure limits, to manage credit growth in the economy.

### LIQUIDITY AND MONEY SUPPLY

The table below shows certain liquidity indicators for the UAE as at 31 December in each of 2014, 2015, 2016, 2017 and 2018 and, where available, as at 30 June 2019.

	2014	2015	2016	2017	2018	2019 <sup>(1)</sup>
	(AED billions, except percentages)					
Currency in circulation plus cash at banks.....	74.5	73.5	77.6	85.4	85.8	91.3
Money supply (M1) <sup>(2)</sup> .....	436.1	456.9	474.1	492.4	485.7	507.9
Private domestic liquidity (M2) <sup>(3)</sup> ...	1,125.4	1,186.8	1,225.5	1,276.1	1,308.4	1,351.0
Overall domestic liquidity (M3) <sup>(4)</sup> ..	1,314.5	1,342.9	1,411.3	1,487.1	1,602.4	1,645.4
Broad money (M2) to nominal UAE GDP <sup>(5)</sup> (per cent.).....	76.0	90.2	93.5	92.0	86.0	—
Domestic private sector credit .....	958.4	1,043.2	1,094.6	1,105.0	1,150.0	—
Domestic private sector credit to nominal UAE GDP <sup>(5)</sup> (per cent.)....	64.7	79.3	83.5	79.7	75.6	—
Domestic credit.....	1,277.6	1,381.2	1,454.4	1,452.7	1,509.4	—
Domestic credit to nominal UAE GDP <sup>(5)</sup> (per cent.).....	86.2	105.0	110.9	104.7	99.2	—

Notes:

- (1) Preliminary figures
- (2) Comprises currency in circulation plus cash at banks and monetary deposits.
- (3) Comprises M1 plus quasi-monetary deposits (being savings accounts, time deposits, and all deposits in foreign money). Also known as broad money.
- (4) Comprises M2 plus government deposits at banks (including the UAE Central Bank). Government deposits comprises deposits from the federal and individual Emirati governments and the companies owned by them.
- (5) For UAE GDP data, see "*Economy of Abu Dhabi—Gross Domestic Product*".

Source: UAE Central Bank

Broad money (M2) grew by 2.5 per cent. in 2018 compared to 4.1 per cent. in 2017, 3.3 per cent. in 2016 and 5.5 per cent. in 2015. The slower growth in 2018 principally reflected a moderation of growth

in quasi monetary deposits. Between 2014 and 2018, broad money expressed as a percentage of nominal UAE GDP increased from 76.0 per cent. in 2014 to 90.2 per cent. in 2015 and 93.5 per cent. in 2016, reflecting both declining GDP and growth in broad money in each year. In 2017 and 2018, broad money expressed as a percentage of nominal UAE GDP declined to 92.0 per cent. and 86.0 per cent., respectively, principally as a result of growth in the UAE's GDP.

Government deposits (which comprise deposits from the federal and individual Emirati governments and the companies owned by them) were AED 189.1 billion in 2014, AED 156.1 billion in 2015, AED 185.9 billion in 2016, AED 211.0 billion in 2017 and AED 294.0 billion in 2018, with the stronger growth in 2017 and 2018 reflecting improved government finances principally driven by fiscal actions taken, higher oil prices and improved economic conditions. The increases in government deposits in 2017 and 2018 were also instrumental in supporting bank liquidity.

The availability of domestic private sector credit increased from AED 1,105.0 billion as at 31 December 2017 to AED 1,150.0 billion as at 31 December 2018, while overall domestic credit increased from AED 1,452.7 billion as at 31 December 2017 to AED 1,509.4 billion as at 31 December 2018. Domestic private sector credit expressed as a percentage of nominal UAE GDP increased in each year from 2014 to 2016, being 64.7 per cent., 79.3 per cent. and 83.5 per cent., respectively. Domestic private sector credit expressed as a percentage of nominal UAE GDP declined in 2017 and 2018 to 79.7 per cent. and 75.6 per cent., respectively, as UAE nominal GDP recovered. The same trend was experienced in overall domestic credit expressed as a percentage of nominal UAE GDP, which was 86.2 per cent., 105.0 per cent., 110.9 per cent., 104.7 per cent. and 99.2 per cent. in 2014, 2015, 2016, 2017 and 2018, respectively.

## FOREIGN RESERVES

The table below shows the gross international reserves of the UAE Central Bank as at 31 December in each of 2014, 2015, 2016, 2017 and 2018 and as at 31 March 2019.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019<sup>(1)</sup></u>
	(AED billions)					
Gross international reserves .....	288.2	345.1	313.6	350.3	365.4	379.9

Note:

(1) As at 31 March

Source: UAE Central Bank

The UAE Central Bank's gross international reserves 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 in investment bodies controlled by individual emirates, such as ADIA in Abu Dhabi. Furthermore, the UAE Central Bank may also hold a part of the international reserves in gold from time to time.

The UAE Central Bank's gross international reserves increased in 2015 by 19.7 per cent., fell in 2016 by 9.1 per cent., and then increased in 2017 and 2018 by 11.7 per cent. and 4.3 per cent., respectively.

## BANKING AND FINANCIAL SERVICES

The financial institutions and insurance industry in Abu Dhabi contributed 6.4 per cent. of Abu Dhabi's nominal GDP in 2014, 8.8 per cent. in 2015, 9.6 per cent. in 2016, 9.2 per cent. in 2017 and 8.4 per cent. in 2018. Within the UAE as a whole, the financial corporations sector was estimated to have contributed approximately 7.8 per cent., 9.5 per cent., 10.0 per cent., 9.7 per cent. and 9.2 per cent. of nominal GDP in each of 2014 through 2018 according to FCSA data. With 22 locally-incorporated licensed banks, 27 foreign commercial banks and 11 foreign licensed wholesale banks at 31 December 2018, serving a population estimated by the FCSA to be approximately 9.3 million at 30 June 2017, the UAE could be viewed as an over-banked market, even by regional standards.

The IMF noted in its November 2018 Article IV consultation that banks in the UAE remain liquid and well-capitalised and that bank profitability has improved, reflecting higher interest margins. With the economy recovering only gradually, the IMF noted that NPLs had risen, reaching 7 per cent. of total

loans in the second quarter of 2018. The IMF observed that while SMEs and households led the NPL increases in 2017, the increase in 2018 was mostly driven by government related entities and other large corporates. Nevertheless, despite the increase, the IMF noted that NPLs remain fully provisioned.

According to the UAE Central Bank, the gross credit extended to residents and non-residents of the UAE by UAE banks at 31 December 2018 was AED 1,656.2 billion compared to AED 1,580.3 billion at 31 December 2017, AED 1,574.8 billion at 31 December 2016, AED 1,485.0 billion at 31 December 2015 and AED 1,378.1 billion at 31 December 2014. As at the same dates, the NPL portfolio of the UAE banks was AED 117.8 billion, AED 106.2 billion, AED 100.4 billion, AED 92.8 billion and AED 96.0 billion, respectively, and the total provisions for bad and doubtful debts (plus interest in suspense) made by UAE banks were AED 123.0 billion, AED 113.3 billion, AED 110.4 billion, AED 101.5 billion and AED 97.3 billion, respectively. NPLs as a percentage of total loans were 7.0 per cent. in 2014 and 6.2 per cent. in 2015, but then increased in each of 2016, 2017 and 2018 (to 6.4 per cent., 6.7 per cent. and 7.1 per cent., respectively, reflecting the difficult economic conditions over the period.

Financial soundness indicators for UAE banks remain healthy, with the lending to stable resources ratio (which had increased in 2015) declining in each of 2016, 2017 and 2018 from 87.1 per cent. in 2015 to 82.3 per cent. in 2018, reflecting higher stable resources and slower credit growth at banks. The liquid assets ratio remained comfortably above the regulatory threshold of 10 per cent., at 17.5 per cent. in 2018 compared to 18.3 per cent. in 2017, 16.2 per cent. in 2016, 17.4 per cent. in 2015 and 15.7 per cent. in 2014. The total capital adequacy ratio also remained comfortably above the regulatory thresholds of 14.5 per cent. (including the capital conservation buffer of 2.5 per cent. and the domestic systemically important bank surcharge of 1.5 per cent.) in 2018 and 2019 and 12 per cent. in 2016, 2015 and 2014, at 17.5 per cent. in 2018 compared to 18.1 per cent. in 2017, 18.9 per cent. in 2016, 18.3 per cent. in 2015 and 18.2 per cent. in 2014.

All the banking sector data sourced to the UAE Central Bank in this section is calculated by the UAE Central Bank on the basis on parent bank only reports submitted to it and, accordingly, excludes the effect of any consolidation by those banks of the results of their subsidiaries.

The table below provides a statistical analysis of the UAE banking sector as at 31 December in each of 2014, 2015, 2016, 2017 and 2018.

	2014	2015	2016	2017	2018 <sup>(1)</sup>
Total number of banks (excluding wholesale banks)....	49	49	49	49	49
Total number of branches .....	955	960	931	853	823
Total number of employees in banks .....	39,051	40,159	37,547	34,675	36,629
Total gross credit <sup>(2)</sup> (AED billions) .....	1,378.1	1,485.0	1,574.8	1,580.3	1,656.2
Total NPLs (AED billions) .....	96.0	92.8	100.4	106.2	117.8
Total NPLs/total loans (per cent.).....	7.0	6.2	6.4	6.7	7.1
Total provisions <sup>(3)</sup> (AED billions).....	97.3	101.5	110.4	113.3	123.0
Total provisions/total gross credit (per cent.) .....	7.1	6.8	7.0	7.2	7.4
Total assets (AED billions) .....	2,304.9	2,478.2	2,613.6	2,693.8	2,868.5
Total deposits (AED billions) .....	1,421.2	1,471.6	1,562.9	1,627.3	1,755.7
Lending to stable resources <sup>(4)</sup> ratio (per cent.).....	85.2	87.1	86.2	84.5	82.3
Liquid assets ratio <sup>(5)</sup> (per cent.).....	15.7	17.4	16.2	18.3	17.5
Capital adequacy ratio <sup>(6)</sup> (per cent.) .....	18.2	18.3	18.9	18.1	17.5
Tier 1 capital ratio <sup>(6)</sup> (per cent.) .....	16.2	16.6	17.3	16.6	16.2
CET 1 ratio <sup>(7)</sup> (per cent.).....	—	—	—	14.6	14.3

Notes:

- (1) Preliminary figures.
- (2) Extended to residents and non-residents.
- (3) Provisions for bad and doubtful debts plus interest in suspense.
- (4) Calculated as total banks' advances (net lending plus net financial guarantees and stand by letters of credit plus interbank placements of more than 3 months duration) divided by the sum of net free capital funds and other stable resources.
- (5) Calculated as total banks' liquid assets (including reserve requirements) divided by total banks' assets.

(6) Basel II up to 2016 and Basel III from 2017.

(7) Basel III.

Source: UAE Central Bank

### Principal Banks in Abu Dhabi

The table below provides summary information for each of the five banks currently established in Abu Dhabi.

Bank Name	Number of Branches <sup>(1)</sup>	Year Established	Government ownership <sup>(2)</sup>	2018 Assets <sup>(3)</sup>
			(per cent.)	(AED billions)
First Abu Dhabi Bank PJSC <sup>(4)</sup> .....	74	1968	33.6	743.9
Abu Dhabi Commercial Bank PJSC <sup>(5)</sup> .....	50	1985	30.0	423 <sup>(6)</sup>
Abu Dhabi Islamic Bank PJSC .....	80	1997	7.62	125.2
Union National Bank PJSC <sup>(6)</sup> .....	68	1982	—	107.0
Al Hilal Bank PJSC <sup>(7)</sup> .....	12	2008	—	43.6
Arab Bank for Investment & Foreign Trade .....	10	1976	42.2	21.3

Notes:

(1) As at 30 June 2019.

(2) Government ownership is through wholly-owned companies, such as ADIC and Mubadala.

(3) Consolidated total assets as at 31 December 2018.

(4) First Abu Dhabi Bank is the product of a merger between National Bank of Abu Dhabi PJSC and First Gulf Bank PJSC with effect from April 2017.

(5) Abu Dhabi Commercial bank PJSC merged with Union National Bank PJSC and acquired Hilal Bank PJSC with effect from May 2019.

(6) Pro forma to give effect to the merger and acquisition.

(6) Ceased to exist following the merger with Abu Dhabi Commercial Bank PJSC.

(7) Since May 2019, Al Hilal Bank PJSC is a wholly-owned subsidiary of Abu Dhabi Commercial Bank PJSC.

Source: UAE Central Bank and published financial statements for total assets figures.

The table below provides a statistical analysis of the Abu Dhabi banking sector as at 31 December in each of the years indicated.

	2014	2015	2016	2017	2018
Total gross credit <sup>(1)</sup> (AED millions) .....	585,413	632,597	673,796	637,028	653,773
Total NPLs (AED millions) .....	23,505	24,315	26,117	26,423	27,774
Total NPLs/total loans (per cent.) .....	4.0	3.8	3.9	4.1	4.2
Total provisions <sup>(2)</sup> (AED millions) .....	28,037	27,542	28,652	30,654	31,694
Total provisions/total gross credit (per cent.) .....	4.8	4.4	4.3	4.8	4.8
Total assets (AED millions) .....	1,019,361	1,094,468	1,146,162	1,149,100	1,244,494
Total deposits (AED millions) .....	621,990	613,826	655,140	668,772	751,851
Lending to stable resources ratio <sup>(3)</sup> (per cent.) .....	84.2	88.9	88.9	84.1	80.6
Liquid assets ratio <sup>(4)</sup> (per cent.) .....	13.8	17.3	14.0	15.5	14.0
Capital adequacy ratio <sup>(5)</sup> (per cent.) .....	17.9	17.7	18.1	17.1	16.5
Tier 1 capital ratio <sup>(5)</sup> (per cent.) .....	16.2	16.2	16.5	15.7	15.1
CET 1 ratio <sup>(6)</sup> (per cent.) .....	—	—	—	13.6	13.0

Notes:

(1) Extended to residents and non-residents.

(2) Total specific and general provisions.

- (3) Calculated as total banks' advances (net lending plus net financial guarantees and stand by letters of credit plus interbank placements of more than 3 months duration) divided by the sum of net free capital funds and other stable resources.
- (4) Calculated as total banks' liquid assets (including reserve requirements) divided by total banks' assets.
- (5) Basel II up to 2016 and Basel III from 2017.
- (6) Basel III.

Source: UAE Central Bank

### **The UAE Central Bank**

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE, Federal Law No. 14 of 2018 (the **2018 Law**) empowers the UAE Central Bank to license and regulate banks and non-banking financial institutions under the law's objective of safeguarding the stability of financial system in the UAE. The other objectives set out in 2018 Law are maintaining stability of the dirham and prudently managing the UAE Central Bank's foreign reserves.

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

The 2018 Law also grants the UAE Central Bank a range of powers, including powers to:

- issue currency and conduct monetary policy;
- organise and license financial institution, including the power to penalise violations of law or regulation;
- monitor credit conditions to achieve balanced growth of the economy;
- maintain a minimum cover ratio of foreign currency assets (at least 70 per cent. of the monetary base) to safeguard the credibility of the fixed currency peg; and
- regulate and maintain the soundness of the systemically important financial infrastructure systems, including electronic payment systems, digital currency, and stored value facilities.

The UAE Central Bank is also empowered to determine any measures and actions necessary for the protection of financial institutions and their depositors in order to minimise the effect that a deficiency in their financial position may have on the financial system as a whole.

The UAE Central Bank and the Ministry of Finance, in coordination with the finance departments of individual emirates, are also requested to establish a mechanism for coordination and data sharing to ensure a consistent fiscal stance to counter unexpected external shocks in order to achieve the UAE's target for real annual non-oil GDP growth.

### **Bank supervision in the UAE**

The UAE Central Bank's supervisory objective, consistent with the Basel Committee for Banking Supervision's core principles for effective banking supervision, is to promote the safety and soundness of licensed institutions as well as the banking and financial market. In so doing, the UAE Central Bank aims to protect the rights of depositors, promote transparency and fair dealing by financial institutions in relation to their customers and counterparties and ensure effective market discipline.

Using a risk-based supervision approach, the UAE Central Bank assesses the risk management policies and practices used by licensed institutions to control, reduce and mitigate risk. Risk-based supervision focuses the level of supervisory attention on those risk areas that pose the greatest risk to the banks' safety and soundness. It also supports the UAE Central Bank in achieving its regulatory objectives, while taking into account the need to employ its resources in the most efficient and effective manner.

Through a mix of on-site and off-site supervision, the UAE Central Bank seeks to evaluate the condition of licensed institutions, their risk profile, their risk management processes, their internal control environment and the corrective measures necessary to address any supervisory concerns. The specific mix between on-site and off-site supervision is determined by the condition of the licensed institution, the quality of the prudential data reported for off-site supervision and the significance of the

institution to the financial stability of the banking and financial market. As the maturity of the management and quality in reporting of the licensed institutions increases, the UAE Central Bank aims to place increased reliance on off-site monitoring, although the overall supervision strategy is set for each individual licensed institution based on its complexity, risk profile and potential impact on the safety and soundness of the financial system as well as any impact on the supervisory objectives.

The UAE Central Bank is also tasked with sponsoring anti-money laundering activities in the UAE. The UAE financial intelligence unit, known as the Financial Intelligence Department, is located within the UAE Central Bank and the Governor of the UAE Central Bank is also the chairman of the National Anti-Money Laundering and Combating Financing of Terrorism Committee in the UAE. The existing AML/CTF legislation in the UAE was upgraded in November 2018 and the UAE Central Bank also enhanced the risk-based AML/CTF supervision of banks, remittances, and foreign exchange offices and is increasing its efforts to analyse suspicious transactions.

In July 2019, the UAE undertook the second round of mutual evaluation of its AML/CFT Framework with a joint team of assessors from the Financial Action Task Force and the Middle East and North Africa Financial Action Task Force. The UAE ranks 23 on Transparency International's Corruption Perceptions Index 2018, which ranks 180 countries in terms of their perceived level of public sector corruption. In early 2019, the UAE authorities finalised a national risk assessment shared with key stakeholders, and conducted outreach programmes. The output of the national risk assessment was embedded in the UAE Central Bank's risk-based supervisory approach.

All regulated banks in the UAE are required to present their financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

### **General 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 a number of 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 Abu Dhabi-based Islamic banks are Abu Dhabi Islamic Bank and Al Hilal Bank.

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

Banking institutions in the UAE fall into a number of categories. Domestic banks, also known as "local" banks, of which there were 21 commercial banks and one investment bank (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head offices or other banks and the financial markets) at 31 December 2018, are required to be public shareholding companies with a minimum share capital of AED 40 million.

Licensed foreign banks, of which there were 27 commercial banks and 11 wholesale banks (which function in a similar manner to commercial banks, except that they are prohibited from accepting deposits from individuals) at 31 December 2018, need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. . In addition, there are other financial 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 and financial and monetary intermediaries (such as money and stock brokers).

### **Recent Developments**

#### ***Regulatory Developments***

The strategic objective of the UAE Central Bank is to ensure that the regulatory framework for financial institutions under its supervision is designed to foster sound and robust financial institutions, protect consumers and enable the financial sector to develop with prudence. The UAE Central Bank has a significant regulatory reform programme underway and is reviewing and updating existing

regulations so that they are in line with international best practice and take into account the specifics of the structure of the UAE economy and market.

The regulatory reforms introduced by the Basel Committee for Banking Supervision under the Basel III framework (**Basel III**) have guided the development of the capital and liquidity regulations for banks operating in the UAE, see “—*Capital*” below. Enhancing consumer protection will also remain a priority for the UAE Central Bank in the development of the regulatory framework. Given the regional importance and recent growth of the financial services industry in the UAE, the UAE Central Bank seeks to prioritise the adoption of internationally agreed regulatory standards. The UAE Central Bank is fully committed to strengthening the regulation, supervision and practices of banks in line with international regulatory standards.

The UAE Central Bank has a reform agenda based around five pillars: (i) risk management, (ii) Basel III, (iii) controls/compliance, (iv) bank resolution and (v) market development, along with an overarching governance framework. The risk management pillar was completed in 2018 with the issue of a new risk management framework for banks, comprising five regulations covering overall risk management, operational risk, market risk, interest rate risk and country and transfer risk. The Basel III pillar has also been completed and is discussed below, see “—*Capital*”.

The controls and compliance pillar is substantially complete following the publication in 2018 of new regulations on internal controls, compliance and internal audit, and on financial reporting and external audit. In addition a new regulation on dormant accounts was published, establishing a general framework for the control of dormant accounts in banks and protection of customers’ rights. In parallel, the AML/CFT regulatory framework for financial institutions was also updated. This pillar is expected to be fully completed by the end of 2019 with the issuance of two further regulations for banks on major acquisitions and significant ownership transfers.

Within the market development pillar, the UAE Central Bank has published regulations relating to non-bank financial institutions and is working on regulations relating to payments, crowd funding and fintech. In addition, it is developing an SME strategy in co-ordination with other UAE authorities.

The UAE Central Bank plans to commence work on bank resolution, and is continuing its work in the consumer protection area and on a new regulatory framework for Islamic finance in the UAE.

A new corporate governance framework for banks operating in the UAE has been approved by the Board of the UAE Central Bank and will come into effect once it has been published in the Official Gazette. This introduces sector-wide polices in line with international best practices, such as the inclusion of independent directors in banks’ boards and mandatory committees, the reinforcement of the fit-and-proper process for members of boards and senior management and the introduction of minimum disclosure requirements in banks’ annual governance reports.

### ***Capital***

Prior to February 2017, the UAE Central Bank required all UAE banks to have a total Basel II capital adequacy ratio of at least 12 per cent. (of which Tier I capital must reach a minimum of 8 per cent. of total risk weighted assets, 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.

The UAE Central Bank has issued new regulations which took effect in February 2017 to ensure that the capital adequacy of all banks operating in the UAE is in line with revised rules outlined by the Basel Committee on Banking Supervision in Basel III, a global regulatory framework for more resilient banks and banking systems. The new Basel III capital framework revised the minimum Tier 1 capital requirement to 8.5 per cent. and the total capital requirement to 10.5 per cent. It also introduced a capital conservation buffer at 2.5 per cent. of risk-weighted assets, surcharges for domestic systemically important banks (which are 1.5 per cent. of risk-weighted assets from 1 January 2019) and a countercyclical buffer, which is currently set at zero. Implementation of the Basel III liquidity standards published in 2015 is ongoing. The LCR has been introduced at 100 per cent. since 1 January 2019.

While the calculation of capital adequacy ratios in the UAE follows the BIS guidelines, claims on or guaranteed by GCC central governments and central banks are risk weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 100 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 special



legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel II capital adequacy ratio of all UAE national banks was 18.2 per cent., 18.3 per cent. and 18.9 per cent. as at 31 December 2014, 2015 and 2016, respectively. The Basel II capital adequacy ratio of all Abu Dhabi banks was 17.9 per cent., 17.7 per cent. and 18.1 per cent. as at 31 December 2014, 2015 and 2016, respectively.

The Basel III total capital adequacy ratio of all UAE national banks was 18.1 per cent. and 17.5 per cent. as at 31 December 2017 and 2018, respectively. The Basel III total capital adequacy ratio of all Abu Dhabi banks was 13.6 per cent. and 13.0 per cent. as at 31 December 2017 and 2018, respectively.

### ***Liquidity***

Most UAE banks are funded through on-demand, time or savings customer deposits made by UAE private individuals or UAE non-governmental entities. Together, these deposits constituted 53.4 per cent. of total deposits (excluding commercial prepayments and borrowings under repurchase agreements) of the national banks in the UAE banking sector at 31 December 2018. Government deposits contributed approximately 18.6 per cent. of total deposits (excluding commercial prepayments and borrowings under repurchase agreements) of the national banks in the UAE banking sector at 31 December 2018. Non-resident deposits contributed 11.7 per cent. of total deposits (excluding commercial prepayments and borrowings under repurchase agreements) of the national banks in the UAE banking sector as at the same date.

There is currently no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the authorities. In addition, following the impact of the global financial crisis the UAE Central Bank and the Ministry of Finance provided in aggregate AED 70 billion through a range of liquidity support facilities that banks in the UAE could avail by various means. This support included the Ministry of Finance placing deposits, which were later converted into subordinated debt that qualified as Tier 2 capital. Many Abu Dhabi banks replaced these notes through the issuance of Tier 2 notes in 2013.

Additionally, the government injected AED 16 billion into the capital of five Abu Dhabi banks in February 2009. This latter injection came in the form of Tier 1 perpetual capital notes.

In order to enhance the prudential liquidity framework for banks operating in the UAE, the UAE Central Bank has introduced new liquidity regulations, which emphasise the need for each bank to have a proper liquidity risk management framework in place to minimise the likelihood of a liquidity stress occurring and also minimise the impact on each bank should such a stress occur. In implementing such a framework, the UAE Central Bank requires each bank to hold at least 10 per cent. of its liabilities in eligible liquid assets that are of high quality to ensure that they will be able to meet their individual liquidity needs on an on-going basis. The new regulations provide for the introduction of the Basel III liquidity standards to be applied to banks approved by the UAE Central Bank.

### ***Large exposures***

The UAE Central Bank has adopted certain rules designed to ensure that banks' credit policies are sound and that undue risks do not arise from excessive concentration of credit to a single borrower or a group of related borrowers, thereby safeguarding the relevant bank's solvency.

In November 2013, the UAE Central Bank's Large Exposures Notice sets percentage limits for banks' maximum exposures relative to the size of their capital base to specified entities. These entities or groups include the UAE federal and local governments and their commercial and non-commercial entities, single borrowers or groups of related borrowers and inter-bank exposures. Large exposures include funded and unfunded exposures and unused commitment lines (based on cash conversion factors) to a single borrower or group (including government-related entities) which exceed 25 per cent. of a bank's capital base. A bank's aggregate exposure to each emirate in the UAE is not allowed to exceed 100 per cent. of its capital base. Limits for foreign interbank exposures have been fixed at 30 per cent. for a bank or banking group. Claims on the UAE Central Bank, the IMF and other similar entities, highly rated marketable bonds and sukuk issued by an emirate and deposits under lien may be excluded from large exposure calculations. Large exposures are monitored by the UAE Central Bank through quarterly returns.

### *NPLs and provisions*

In order to ensure that banks correctly classify their loans and thus accurately report their profit or loss, the UAE Central Bank issued Circular No 28/2010 in November 2010 (the **Loan Classification Circular**). Under the Loan Classification Circular, banks are required to classify their loans and advances into five main categories: normal loans, watch-list loans, sub-standard loans, doubtful loans and loss loans. Subject to the detailed guidelines in the Loan Classification Circular, the first two categories represent performing loans and generally no provisions are required in respect of them. Banks are required to make a provision of 25 per cent. of the balance outstanding for sub-standard loans, 50 per cent. for doubtful loans and 100 per cent. for loss loans. In order to strengthen the capital position of banks, they are additionally required to make a general provision of 1.5 per cent. of their total credit risk-weighted assets.

Banks in the UAE are also required to follow International Financial Reporting Standard 9 in addition to the guidelines issued by the UAE Central Bank for classifying their loans and making provisions.

### *Money Exchanges*

In January 2014, the UAE Central Bank issued new regulations in relation to the licensing and monitoring of money exchange businesses. Under the regulations, exchange houses dealing exclusively in cash and travellers cheques are required to have a minimum paid-up capital of AED 2 million, while exchange houses offering remittance services inside and outside the UAE are required to have a minimum paid-up capital of AED 10 million, in each case, with unlimited liability. Exchange houses operating with limited liability are required to have a minimum paid-up capital of AED 50 million. Exchange houses must be at least 60 per cent owned by Emirati investors.

### *Credit Information Agency*

In May 2010, the federal government appointed the Al Etihad Credit Bureau (**AECB**) as the official body for providing credit information services. AECB is responsible for collecting, storing, analysing and disseminating credit information. Additionally, in February 2011, the Central Bank issued new regulations in relation to the retail banking sector, aimed at controlling lending activities and excessive charges by banks, while also protecting banks by regulating lending and encouraging banks to carry out proper due diligence on potential borrowers.

### **Insurance**

The insurance sector in the UAE contributes both directly to the economy and indirectly by facilitating the operation of other sectors such as logistics, services, health and transport. The investment of premiums by the insurance sector in the UAE economy supports economic development and maintains positive competitiveness between insurance companies.

The insurance sector in the UAE is overseen by the Insurance Authority, which was established by Federal Law in 2007 as an independent authority with responsibility to organise and regulate the UAE insurance sector and to ensure implementation of international best standards in the insurance market. The Insurance Authority also monitors the solvency of insurance companies by applying laws and regulations aimed at protecting the rights of the beneficiaries of insurance policies.

According to the Insurance Authority, as at 31 December 2017, gross written premiums of all types of insurance amounted to AED 44.8 billion, an increase of 12.0 per cent. compared to the previous year. During 2017, the UAE insurance industry invested funds of AED 60.7 billion, of which 37 per cent. was invested in shares and bonds, 26 per cent. was invested in cash and bank deposits, 9 per cent. were invested in real estate and 8 per cent. was invested in loans, deposits and other A-rated instruments. As at 31 December 2017, there were 62 insurance companies operating in the UAE (comprising 35 national insurance companies and 27 foreign insurance companies), as well as 18 insurance agents, 160 insurance brokers, 23 insurance consultants, 45 surveyors and loss adjusters, 57 actuaries and 26 health insurance TPA companies.

### **CAPITAL MARKETS**

The capital markets in the UAE are regulated by a number of entities including the Emirates Securities and Commodities Authority (the **SCA**), which licenses intermediaries to trade on the Abu Dhabi Stock Exchange (the **ADX**) and the Dubai Financial Market. 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.

### Abu Dhabi Securities Exchange

The ADX was established by the government in November 2000 as an independent entity and operates as a market for trading securities, including shares issued by public joint stock companies, bonds issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the SCA.

The table below shows the number of listed companies and bonds, the number of traded shares, the value of traded shares and the number of executed transactions for the years indicated.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of listed companies <sup>(1)</sup> .....	67	68	68	68	70
Number of listed bonds <sup>(1)</sup> .....	2	2	2	4	5
Number of traded shares ( <b>millions</b> ) .....	58,531	27,658	29,306	28,241	15,408
Value of traded shares ( <b>AED millions</b> ) .....	145,295	60,237	48,971	48,089	39,642
Number of executed transactions .....	864,046	456,366	388,886	347,329	275,357

Note:

(1) As at 31 December.

Source: ADX

The average market capitalisation of the ADX fell in 2015 by 7.9 per cent. compared to 2014. It then grew in each of 2016, 2017 and 2018 by 4.6 per cent., 3.7 per cent. and 9.5 per cent., respectively, being AED 483.3 billion in 2018.

ADX is classified an 'Emerging Market' by each of MSCI index (Morgan Stanley Capital International), S&P Dow Jones, FTSE, S&P and Russell Investments.

ADX has the authority to establish centres and branches outside the emirate of Abu Dhabi. To date it has done so in Fujairah, Ras al Khaimah and Sharjah.

## PUBLIC FINANCE

### GOVERNMENT FINANCE

#### Abu Dhabi Government Budget

The Financial System Law came into effect in January 2017. The Financial System Law aims to clarify and codify Abu Dhabi's financial policy framework by, among other things, stipulating the general principles of management of public funds and promoting efficiency, transparency and accountability. It states that budgets of government-owned companies are separate from the government budget. The Financial System Law charges the DoF with, among other things:

- implementing the government's fiscal policy in coordination with the appropriate authorities;
- preparing and implementing Abu Dhabi's budget and managing public debt and government guarantees;
- recommending to the Executive Council rules for its government-owned companies to regulate the preparation of the ownership policy, statement of financial performance intent, increase of capital, borrowing and issuance of debt guarantees;
- monitoring the financial performance of the government-owned companies and other government investments (including evaluating their financial position when they face financial difficulties and making appropriate recommendations); and
- managing and supervising the government's general reserve account into which cash surpluses of the government and its related entities are to be transferred in accordance with the instructions issued by the DoF. The general reserve account may be used to finance any government budget deficit, finance government investments and for any other purpose proposed by the DoF and approved by the Executive Council.

The Abu Dhabi government budget incorporates revenues, recurrent expenditure, development expenditure and the contribution to the federal government, as well as aid and grant payments, including foreign aid. The government budget also includes financing items such as loans to government-owned companies and repayments by them, equity investments in such companies and repayments by the government of its own borrowings.

The budget consolidates the individual budgets of a number of departments and other administrative units of the government that report to the Executive Council. Each of these units is established and assigned with specific responsibilities by Emiri Decrees or directives by the Executive Council. See "*Overview of the Emirate of Abu Dhabi—Emirate of Abu Dhabi*".

Save to the limited extent described below, the government budget does not consolidate any revenues or expenditures of its wholly-owned companies. These companies include ADNOC, ADIA and Mubadala. Historically, the revenues or expenditures of MDGH, ADIC and IPIC were not consolidated either. Accordingly, these and other wholly-owned companies comprise the principal off balance sheet items for the government budget.

The principal sources of government revenue are (i) the royalty and tax payments that the government receives from crude oil and LPG production and (ii) dividends and transfers from the government's wholly-owned companies (included in the budget under the "Dividends from SOEs" line item). Royalties and taxes are paid in accordance with the terms stated in the concession agreements. Each partner in these agreements, including ADNOC, pays its own share of the amounts due from the relevant joint venture. The Dividends from SOEs budget line principally comprises dividends from ADNOC and in some recent years also includes dividends from ADIA.

Following the sharp fall in oil prices in the second half of 2014, the government reviewed its fiscal policy and role with a view to bringing expenditure in line with a potentially sustained period of lower oil prices. The government continues to conduct regular reviews of its spending plans, as well as the scope and implementation of ongoing and proposed major projects.

Abu Dhabi's budget is prepared on a cash basis of accounting.

The Abu Dhabi government budget preparation process is coordinated by the DoF and typically commences in June of each year when individual departments and other administrative units are requested to submit their draft budgets. These budgets are usually received in July and August and are consolidated by the DoF. Since revenues from crude oil and gas typically comprise a significant proportion of total government revenues, a rough estimate of this item is obtained from ADNOC and an outline budget is prepared. Meetings are then held with the various departments and other administrative units in October and November to discuss and finalise their revenue projections and expenditure needs. Upon completion of this exercise, a final draft of the consolidated government budget is prepared and submitted to the Executive Council for discussion and approval. Under the Financial System Law, this draft is required to be submitted to the Executive Council by no later than 30 November. The 2020 budget is currently being prepared in accordance with this timetable.

The approved budget is typically announced to the departments at the beginning of the fiscal year (which is the same as the calendar year) and is entered in the computerised accounting system by the DoF for control and monitoring. The performance of the budget is overseen by the individual spending departments and monitored by the DoF.

The recurrent expenditure budget is controlled through a computerised system which, in 2019, covered 65 of a target total of 69 departments. Any proposed spending beyond the allocated budget requires justification and approval. There is flexibility to spend beyond each individual line item in the budget, provided that total spending for a department does not exceed the total recurrent budget allocated for that department.

Development expenditure requires approval at an individual project basis by the Executive Council or its sub-committee or the chairman of the relevant department, in accordance with limits established by the Executive Council.

Cash contributions to the federal government are made periodically in accordance with the approved budget. Spending in relation to federal services which are managed by the Abu Dhabi government, principally security and defence, is controlled in the same manner as other recurrent expenditure described above.

Payments of domestic and foreign aid grants are made in accordance with the directives of the Ruler or the Crown Prince, including through the Abu Dhabi Fund for Development (ADFD), a foreign aid agency established by the government of Abu Dhabi in 1971. ADFD aims to help developing countries to achieve sustainable socio-economic growth; through financial assistance in the forms of concessionary loans, managing government grants and equities.

Loan advances and equity participation payments to state-owned companies are made in accordance with the decisions of the Executive Council or as stated in an Emiri Decree.

The Abu Dhabi government prepares annual financial statements which are audited by the Abu Dhabi Accountability Authority. This body issues its audit report to the Chairman of the Executive Council. Neither the report nor the financial statements are published.

### **Fiscal developments**

Following the significant fall in oil prices from mid-2014, in 2015 and 2016 the government focused on adjusting public spending to a weaker medium-term outlook for oil prices, including through reforms of energy subsidies and, in Abu Dhabi's case, increasing dividends from its state-owned entities.

Since 2017, the government has moved forward with the introduction of excises and, as part of a federal programme, the introduction of VAT, to diversify revenues. In May 2018, the government announced plans to invest AED 50 billion over three years to stimulate growth, see "*Overview of the Emirate of Abu Dhabi—Emirate of Abu Dhabi—Strategy of Abu Dhabi*". The government has also announced structural reforms to boost medium-term prospects and competitiveness, including amnesties on overdue license renewal fees, enhanced licensing systems, new initiatives to facilitate eco-tourism and accelerated settlement of all delayed payments to private sector contractors.

Looking forward, the government plans a comprehensive review of all government fees with a view to rationalising them. Its fiscal policy remains to diversify its revenue sources whilst increasing its spending efficiency.

The table below shows a summary of the Abu Dhabi fiscal accounts (as prepared on a cash basis and presented to the IMF) for each of the years indicated and for the first half of 2019 together with the budgeted numbers for full year 2019.

	Outcome					Budget	
	2014	2015	2016	2017	2018	Half Year 2019 <sup>(1)</sup>	2019 <sup>(2)</sup>
	(AED millions)						
Hydrocarbon revenues .....	<u>253,504</u>	<u>136,252</u>	<u>86,664</u>	<u>129,831</u>	<u>192,294</u>	<u>81,978</u>	<u>105,838</u>
<i>Crude oil royalty and tax</i> .....	242,698	130,638	82,743	124,416	184,663	79,031	101,494
<i>LPG income tax</i> .....	10,806	5,614	3,921	5,415	7,631	2,947	4,344
Dividends from SOEs .....	114,118	101,088	152,046	115,022	112,358	69,985	154,877
Other revenues	<u>9,598</u>	<u>24,699</u>	<u>12,674</u>	<u>25,333</u>	<u>17,181</u>	<u>12,859</u>	<u>22,344</u>
<i>Customs</i> .....	2,013	2,185	2,000	1,591	955	485	2,674
<i>Other</i> <sup>(3)</sup> .....	7,585	22,514	10,674	23,742	16,226	12,374	19,670
Loan repayments .....	2,523	3,513	12,010	2,064	2,874	1,578	5,387
Realisation of long-term deposits <sup>(4)</sup> .....	—	—	367	—	—	—	—
<b>Total revenues</b> .....	<b><u>379,743</u></b>	<b><u>265,552</u></b>	<b><u>263,761</u></b>	<b><u>272,250</u></b>	<b><u>324,707</u></b>	<b><u>166,400</u></b>	<b><u>288,446</u></b>
Recurrent expenditure.....	<u>87,945</u>	<u>105,806</u>	<u>93,527</u>	<u>95,774</u>	<u>86,801</u>	<u>41,648</u>	<u>91,833</u>
<i>Executive &amp; legislative affairs</i> .....	10,798	14,154	11,109	16,747	9,202	3,675	11,993
<i>Other general public services</i> .....	19,307	14,841	11,324	17,329	11,039	5,431	10,998
<i>Public order &amp; safety</i> .....	12,507	28,308	29,174	18,012	18,326	8,811	17,982
<i>Economic affairs</i> .....	5,080	4,952	4,415	6,458	6,213	2,348	6,712
<i>Environmental protection</i> .....	3,408	3,347	3,228	2,210	2,158	1,008	2,653
<i>Housing &amp; community affairs</i> .....	5,099	4,622	5,099	5,024	5,390	2,253	5,632
<i>Health</i> .....	19,389	22,105	15,684	14,579	18,720	11,125	19,739
<i>Recreation, sports, culture &amp; religion</i> .....	1,107	1,332	1,265	2,975	2,958	1,519	2,834
<i>Education</i> .....	10,100	10,411	10,435	10,429	10,688	4,471	11,163
<i>Social affairs</i> .....	1,150	1,734	1,794	2,011	2,107	1,007	2,127
Development project expenditure .....	24,932	19,880	18,292	14,674	11,500	5,383	16,685
Aid payments, grants and other transfers <sup>(4)</sup> .....	69,159	39,512	49,034	32,415	54,809	31,657	45,197
Contribution to federal government .....	124,337	92,679	101,538	130,926	138,340	78,102	126,139
Loan advances .....	26,594	31,303	17,901	17,358	20,179	5,725	13,331
Equity participation payments .....	38,629	9,117	8,082	9,549	14,164	9,333	16,940
Long-term deposits <sup>(5)</sup> .....	—	7,346	—	—	—	—	—
Repayment of bonds and loans .....	<u>6,724</u>	<u>1,367</u>	<u>1,297</u>	—	—	5,510	5,510
<b>Total expenditure</b> .....	<b><u>378,320</u></b>	<b><u>307,010</u></b>	<b><u>289,671</u></b>	<b><u>300,696</u></b>	<b><u>325,793</u></b>	<b><u>177,358</u></b>	<b><u>315,635</u></b>
<b>Surplus/(deficit)</b> .....	<b><u>1,423</u></b>	<b><u>(41,458)</u></b>	<b><u>(25,910)</u></b>	<b><u>(28,446)</u></b>	<b><u>(1,086)</u></b>	<b><u>(10,958)</u></b>	<b><u>(27,189)</u></b>

Notes:

- (1) Actual numbers related to the first half of 2019 are provisional and unaudited.
- (2) Based on an assumed oil price of approximately U.S.\$50 per barrel. The 2019 budget is presented as set by the government of Abu Dhabi in 2018 and is not adjusted for the actual results reported for the first half of 2019.

- (3) The amount for 2015 includes oil concession fees of AED 14,677 million relating to the ADNOC Onshore oil concession granted in 2015 and AED 9,785 million relating to further concessions granted in 2017. In addition, Abu Dhabi's share of VAT for 2018 was AED 5,643 million but, reflecting the fact that 2018 was the first year of VAT implementation in the UAE, this amount was not received until 2019 and were, therefore, included in the 2019 budget along with the government's expectation of VAT receipts for 2019 in 2019.
- (4) Includes subsidy payments in respect of water and electricity tariff support.
- (5) These are deposits typically made with central banks of other countries.

Source: DoF

## **Revenues**

### *Hydrocarbon Revenues*

Abu Dhabi's revenues are principally derived from the hydrocarbon sector and hydrocarbon revenues principally comprise royalties and taxes levied on crude oil production. Royalties on crude oil production are levied at 20 per cent. of the gross revenue derived from the crude oil that is extracted. Tax, ranging between 55 per cent. and 85 per cent., is charged on formula-computed profits and after deducting the cost of production and royalty. In addition, LPG producers pay income tax on the actual profits earned by them from LPG production.

Hydrocarbon revenues (excluding Dividends from SOEs which are also hydrocarbon-derived) accounted for 66.8 per cent., 51.3 per cent., 32.9 per cent., 47.7 per cent., 59.2 per cent. and 49.3 per cent. of total revenues in each of 2014, 2015, 2016, 2017, 2018 and the first half of 2019, respectively. Hydrocarbon revenues are budgeted to account for 36.7 per cent. of total revenues in 2019. Hydrocarbon revenues declined by 46.3 per cent. in 2015 compared to 2014 and by 36.4 per cent. in 2016 compared to 2015, in each case principally reflecting substantially lower average oil prices in the relevant year compared to the previous year. Hydrocarbon revenues increased by 49.8 per cent. in 2017 compared to 2016 and by 48.1 per cent. in 2018 compared to 2017, in both cases principally reflecting increased oil prices. The proportionate increase of actual revenues in the first half of 2019 compared to the 2019 budget is primarily due to fluctuating oil and gas prices. Hydrocarbon revenues are budgeted to decrease by 45.0 per cent. in 2019 compared to actual hydrocarbon revenues in 2018, principally reflecting a lower assumed price per barrel (at U.S.\$50) than the average price per barrel realised in 2018, which was U.S.\$73. In each of the first eight months of 2019, the average monthly prices realised for crude oil exceeded the assumed price in the budget, with average monthly prices per barrel ranging between U.S.\$56.58 and U.S.\$61.89 per barrel over the period. The government increased hydrocarbon production in 2016 which partially offset the lower oil prices realised in that year compared to 2015, although production in 2017 and 2018 was closer to the levels in 2014 and 2015. See "*Economy of Abu Dhabi—Principal Sectors of the Economy—Oil and Gas—Structure of Abu Dhabi's Oil Industry*".

### *Dividends from SOEs*

This line item principally comprises dividends declared by ADNOC and paid to the government and in certain more recent years also comprises dividends from ADIA to the government. In 2016, the government also received relatively low amounts of dividends paid by certain other government-owned entities, such as ADIC and ADWEA. No similar dividends have been paid since 2017.

Profits earned by ADNOC, after payment to the government of its share of royalty and tax on the crude oil produced by the operating companies in which it participates (which are recorded in the budget under hydrocarbon revenues), are retained by ADNOC. During each year ADNOC pays periodic dividends to the government.

Prior to mid-2017, in years where budget revenues have exceeded government expenditures, the government has transferred the excess (less any amounts it retained for its own use) to ADIA and ADIC and any amounts retained by the government for its own use were typically deposited with local banks. Since mid-2017, any future government surpluses are expected to be transferred to the general reserve account referred to under "*—Abu Dhabi Government Budget*" above.

Prior to mid-2017, when budget expenditures exceeded revenue, the government typically directed ADIA to pay dividends to the government with a view to reducing or eliminating any deficit. Since mid-2017, the government may now fund any deficit through transfers from the general reserve account, where sufficient. The government may also choose to maintain a deficit which it funds utilising the DoF's own cash balances or borrowings (as it did in each of 2015, 2016, 2017 and 2018) or by other means. See "*—Budget Surplus or Deficit*" below.

### *Other Revenues*

Abu Dhabi's other revenues are derived from a range of sources including customs and excise duties, interest payments on cash deposits and loans made by it, charges for goods and services supplied (including fees for granting licences and permits and rental income received) and transfers from other departments in respect of revenue generated by them. In 2015, Abu Dhabi received one-off oil concession fees of AED 14,677 million associated with the grant of the ADNOC Onshore oil concession. Further concessions were granted, renewed or extended in each of 2017 and 2018, see "*Economy of Abu Dhabi—Principal Sectors of the Economy—Oil and Gas—Structure of Abu Dhabi's Oil Industry*". Part of the amounts raised from those concessions in 2017 were included in the 2017 budget with the balance being transferred to the general reserve account, along with the amounts raised in 2018.

In 2016, other revenues were AED 10,674 million compared to AED 7,837 million in 2015 (excluding the one-off oil concession fee). This increase principally reflected new municipality fees charged on hotel bills and the annual value of expatriate rental contracts that impacted this revenue stream in 2016. In 2017, other revenues (excluding the partial oil concession fees received) amounted to AED 13,957 million with the increase principally reflecting interest on loans made to government-owned companies, which had increased significantly in amount. The proportionate increase in other revenues in the first half of 2019 relative to 2018 was primarily due to receipt of Abu Dhabi's share of revenues from VAT for 2018 amounting to AED 5,643 million. See "*—VAT*" below.

### *Loan Repayments*

This line item reflects repayments to the government of loans made by it to both domestic and foreign counterparties. The advance of such loans is recorded as expenditure and the government has been a net maker of loans in each of the years under review.

No proceeds from debt financing have been included as revenues in the 2019 budget.

### *VAT*

On 1 January 2018, the UAE implemented VAT at the rate of 5 per cent. It has been agreed that 30 per cent. of the collected VAT revenue will be allocated to the federal government with the balance being for the emirate governments. Abu Dhabi received AED 5,643 million in VAT receipts for 2018, which, reflecting the fact that 2018 was the first year of VAT implementation in the UAE, was paid in 2019. The government expects to receive its share of VAT payments at periodic intervals in each future year, with the first periodic payment for 2019 having been paid in mid-2019.

### *Expenditure*

Abu Dhabi's expenditures principally comprise its contribution to the federal government budget and its own current and development expenditure as well as domestic loans and equity investments made by it and aid payments, grants and other transfers made by it.

Contributions made by Abu Dhabi to the federal government comprised 32.9 per cent. of Abu Dhabi's total expenditure in 2014, 30.2 per cent. in 2015, 35.1 per cent. in 2016, 43.5 per cent. in 2017, 42.5 per cent. in 2018 and 44.0 per cent. in the first half of 2019. These contributions are budgeted to account for 40.0 per cent. of Abu Dhabi's total expenditure in 2019. The contributions are made in the form of a cash contribution and payment by Abu Dhabi of certain federal government services expenditure, principally comprising security and defence expenditure for which Abu Dhabi bears almost all of the cost. The amount (if any) of the cash contribution to the federal budget made by each emirate is determined by the Ruler of each emirate at the time the federal budget is prepared and is approved by the Supreme Council. The changes in Abu Dhabi's contribution to the federal budget in 2015, 2016 and 2017 principally reflect reclassifications. In 2015, government expenditure for the Abu Dhabi police which had, in prior years, been recorded as part of Abu Dhabi's contribution to the federal government was reclassified in 2015 under recurrent expenditure as public order & safety expenditure. In 2016 and 2017, payments to certain other entities which had, in prior years, been recorded in recurrent expenditure have been reclassified as contributions to the federal government.

The government's recurrent expenditure comprised 23.2 per cent. of its total expenditure in 2014, 34.5 per cent. in 2015, 32.3 per cent. in 2016, 31.9 per cent. in 2017, 26.6 per cent. in 2018 and 23.5 per cent. in the first half of 2019. Recurrent expenditure is budgeted to account for 29.1 per cent. of the government's total expenditure in 2019. Recurrent expenditures principally comprise wages and



salaries of the staff employed by, and payments for goods and services used by, the various government departments.

Recurrent expenditure increased by 20.3 per cent. in 2015, fell by 11.6 per cent. in 2016, increased by 2.4 per cent. in 2017 and fell by 9.4 per cent. in 2018. Recurrent expenditure is budgeted to increase by 5.8 per cent. in 2019. The increase in 2015 principally reflected the reclassification of Abu Dhabi police expenditure from a contribution to the federal budget to current expenditure on public order & safety. The reductions in 2016, 2017 and 2018 principally reflect the reduction of subsidies in relation to health insurance, the other reclassifications described above and efficiency savings.

Development project expenditure in Abu Dhabi comprised 6.6 per cent. of total expenditure in 2014, 6.5 per cent. in 2015, 6.3 per cent. in 2016, 4.9 per cent. in 2017, 3.5 per cent. in 2018 and 3.0 per cent. in the first half of 2019. Development project expenditure is budgeted to account for 5.3 per cent. of total expenditure in 2019 although this is an indicative figure as further development expenditure may be approved in the course of the year. As indicated above, development expenditure is required to be approved at an individual project level by the Executive Council before being incurred.

Aid payments, grants and other transfers (which include government spending on the wellbeing of the national population, water and electricity tariff subsidies, payments to other emirates (in the period up to and including 2015), foreign aid payments and grants to the government's wholly-owned companies) comprised 18.3 per cent. of total expenditure in 2014, 12.9 per cent. in 2015, 16.9 per cent. in 2016, 10.8 per cent. in 2017, 16.8 per cent. in 2018 and 17.8 per cent. in the first half of 2019. Aid payments, grants and other transfers are budgeted to account for 14.3 per cent. of total expenditure in 2019. Subsidies and domestic aid payments have, over the period between 2014 and 2018, been affected by two main factors. First, spending on the wellbeing of the national population as well as payments to other emirates, foreign aid payments and grants to wholly-owned companies fluctuates from year to year and tends to be higher in cash rich years. Second, electricity and water subsidies have been reduced through cuts, particularly in 2016 and 2017.

The table below shows a breakdown of the principal categories of development expenditure for each of the years indicated.

	Outcome					Budget
	2014	2015	2016	2017	2018	2019
	(AED millions)					
Agriculture.....	257	220	69	6	5	54
Electricity and water.....	—	—	—	—	—	—
Industry and commerce.....	254	12	8	12	11	12
Transport and communications.....	4,572	4,510	5,401	6,668	4,091	6,830
Housing and community centres.....	3,499	3,624	2,828	1,655	2,472	2,490
Sewerage and sanitation	1,926	1,452	1,082	525	70	114
Sport, recreation and culture..	636	956	1,774	1,431	2,177	2,507
General administration.....	8,710	5,087	3,616	1,175	156	784
Health .....	2,672	1,934	1,548	1,207	896	931
Education.....	2,187	1,990	1,879	1,875	1,484	1,987
Law and order.....	104	95	87	110	138	314
Other (including work in progress).....	115	—	—	10	0	0
Budget reserve <sup>(1)</sup> .....	—	—	—	—	—	662
<b>Total.....</b>	<b>24,932</b>	<b>19,880</b>	<b>18,292</b>	<b>14,674</b>	<b>11,500</b>	<b>16,685</b>

Notes:

(1) Principally comprises a contingency reserve which may or may not be spent in any year.

Source: DoF

The principal items of development project expenditure are transport and communications, housing and community centres, education and general administration. Most of this expenditure has focused on municipal development in line with Abu Dhabi's development strategy. Development expenditure

reduced generally over the period under review, in part reflecting significant longer-term projects completing and in part reflecting a more cautious approach to approving new projects in difficult economic conditions.

Expenditure on transport and communications accounted for 18.3 per cent. of development expenditure in 2014, 22.7 per cent. in 2015, 29.5 per cent. in 2016, 45.4 per cent. in 2017 and 35.6 per cent. in 2018. Expenditure on transport and communications is budgeted to account for 40.9 per cent. of development expenditure in 2019.

Expenditure on housing and community centres accounted for 14.0 per cent. of development expenditure in 2014, 18.2 per cent. in 2015, 15.5 per cent. in 2016, 11.3 per cent. in 2017 and 21.5 per cent. in 2018. Expenditure on housing and community centres is budgeted to account for 14.9 per cent. of development expenditure in 2019.

Expenditure on general administration, which comprises anything not allocated to a more specific heading, accounted for 34.9 per cent. of development expenditure in 2014, 25.6 per cent. in 2015, 19.8 per cent. in 2016, 8.0 per cent. in 2017 and 1.4 per cent. in 2018. Expenditure on general administration is budgeted to account for 4.7 per cent. of development expenditure in 2019.

Loan advances and equity participation payments made by the government principally reflect debt and equity funding provided by the government to its wholly-owned companies such as Mubadala. Loan advances and equity participation payments together comprised 17.2 per cent. of total expenditure in 2014, 13.2 per cent. in 2015, 9.0 per cent. in 2016, 8.9 per cent. in 2017, 10.5 per cent. in 2018 and 3.2 per cent. in the first half of 2019. Loan advances and equity participation payments are together budgeted to account for 9.6 per cent. of total expenditure in 2019. The significant reduction in 2015 through 2017 principally reflected the fact that the government has made no equity contributions to Mubadala since 2014. The increase in loans and equity participation expenditure in 2018 compared to 2017 was principally due to the loan to Bahrain of AED 4.2 billion and equity payments to ADAC.

In 2014, the government repaid a five-year bond issued by it in 2009 and, in 2019, it repaid another five-year bond issued by it in 2014.

### ***Budget Surplus or Deficit***

In 2014, the budget surplus recorded equalled 0.1 per cent. of Abu Dhabi's nominal GDP in that year, principally reflecting the effect of significantly lower oil prices in the second half of 2014 as well as increased total expenditure, both recurrent and in terms of its contribution to the UAE federal government. In each of 2015, 2016, 2017 and 2018, deficits of AED 41.5 billion, AED 25.9 billion, AED 28.4 billion and AED 1.1 billion were recorded, equal to 5.3 per cent., 3.4 per cent., 3.5 per cent. and 0.1 per cent., respectively, of Abu Dhabi's nominal GDP in those years, principally reflecting sustained low oil prices between 2015 and 2017 and increasing oil prices in 2018.

In 2015, although total expenditure decreased by AED 71.3 billion, or 18.8 per cent., revenue decreased by AED 113.9 billion, or 30.0 per cent. In 2016, revenue was substantially flat and although total expenditure fell, it remained higher than revenue. In 2017, revenue and expenditure both increased, by 3.2 per cent. and 3.8 per cent., respectively. In 2018, revenue increased by 19.3 per cent. while expenditure increased by 8.3 per cent.

The deficit in 2015 was financed by existing cash reserves held by the DoF. In 2016, the deficit was financed by the issue of Notes under the Programme as well as by transfers from ADIA. In 2017, the deficit was financed principally through Notes issued under the Programme. In 2018, the deficit was financed by existing cash reserves held by the DoF.

### **Principal Investments**

The Abu Dhabi government has direct investments in a number of wholly-owned companies, including, in particular, ADNOC, ADIA and Mubadala.

ADNOC is the company which manages and operates all aspects of Abu Dhabi's oil and gas industry and is described under "*Economy of Abu Dhabi—Principal Sectors of the Economy—Oil and Gas*".

ADIA is an investment arm of the Abu Dhabi government. ADIA was established in 1976 in order to invest the Abu Dhabi government's oil-generated surpluses across various asset classes. In 2009, ADIA co-chaired the International Working Group of sovereign wealth funds that developed 26 principles, known as the Santiago Principles, which re-affirmed the basis on which sovereign wealth funds should invest. Following the publication of the Santiago Principles, ADIA confirmed its compliance with them

and, in 2010, published its first annual review, with a view to enhancing understanding of ADIA in key areas such as governance, investment strategy, portfolio, structure, its approach to risk and its people.

As a matter of policy, the government of Abu Dhabi discloses only limited information in relation to the investment portfolio of ADIA. The most recently published ADIA annual review (for 2017) discloses that the 20-year and 30-year annualised returns of its portfolio, calculated on a time-weighted return basis, as at 31 December 2017 were 6.5 per cent. (in the case of the 20-year return) and 7.0 per cent. (in the case of the 30-year return).

Mubadala is described under “*Overview of the Emirate of Abu Dhabi—Emirate of Abu Dhabi—Strategy of Abu Dhabi—Implementation of the Strategy*”.

The Abu Dhabi government’s shareholdings are generally strategic investments. Investments held by ADIA may be strategic or held on a portfolio basis.

In addition to the entities described above, the Abu Dhabi government is also the sole owner (whether directly or indirectly) of Senaat, Etihad, Abu Dhabi Airports Company and Abu Dhabi Ports Company.

In addition, the Abu Dhabi government, directly or indirectly, owns significant shareholdings in Abu Dhabi National Energy Company PJSC (TAQA), Aldar and Tabreed, as well as in First Abu Dhabi Bank, Abu Dhabi Commercial Bank and Abu Dhabi Islamic Bank, see “*Monetary and Financial System—Banking and Financial Services—Principal Banks in Abu Dhabi*”. This section is not a complete list of companies in which the Abu Dhabi government holds shares and, in particular, does not include all of the companies in which entities such as ADIA, ADNOC, Mubadala and Senaat hold shares. All the shareholdings described above are fully paid up and unencumbered.

## INDEBTEDNESS

The Abu Dhabi government had U.S.\$17.3 billion outstanding in foreign indebtedness as at 31 December 2018, represented by its U.S.\$1.5 billion eurobonds due 2019 (which matured in April 2019), its U.S.\$2.5 billion 2.125 per cent. eurobonds due 2021 and U.S.\$2.5 billion 3.125 per cent. eurobonds due 2026, which were each issued in 2016 and by its U.S.\$3.0 billion 2.5 per cent. eurobonds due 2022, its U.S.\$4.0 billion 3.125 per cent. eurobonds due 2027 and its U.S.\$3.0 billion 4.125 per cent. eurobonds due 2047, which were each issued in 2017, and U.S.\$817 million of domestic indebtedness in the form of loans from local banks.

The table below provides a summary of the Abu Dhabi government's total indebtedness for each of the periods indicated.

	As at 31 December					As at 30 June
	2014	2015	2016	2017	2018	2019
	(USD billions)					
Bonds .....	1.5	1.5	6.5	16.5	16.5	15.0
Loans .....	2.2	1.8	1.4	1.1	0.8	1.8
<b>Total .....</b>	<b>3.7</b>	<b>3.3</b>	<b>7.9</b>	<b>17.6</b>	<b>17.3</b>	<b>16.8</b>

The Abu Dhabi government has guaranteed certain indebtedness incurred by Abu Dhabi Commercial Bank, Waha Aerospace and ENEC. The principal amount of such guarantees outstanding at 31 December 2018 was approximately U.S.\$2.3 billion. Abu Dhabi has never defaulted on its public debt.

The Abu Dhabi government has also provided other forms of credit support to Abu Dhabi entities including liquidity commitments and letters of comfort and the amount of these commitments is not quantified. Further, the Abu Dhabi government has, in the past, provided significant financial support to certain strategic entities including Aldar, Tabreed and a number of Abu Dhabi-based banks.

Certain companies wholly-owned by the Abu Dhabi government, including in particular Mubadala, also have borrowings. The aggregate amount borrowed and outstanding by the Abu Dhabi government's wholly-owned companies was approximately U.S.\$43.2 billion at 31 December 2018. This figure excludes shareholder loans made by the Abu Dhabi government to these entities.

In 2009, Abu Dhabi established a public debt office (the **PDO**) within the DoF which is responsible for, among other things, managing all aspects of borrowing by the Abu Dhabi government, including new issuances and risk management. The PDO also coordinates the borrowing activities of government-owned and certain other government-related enterprises and monitors the level of their borrowing. In addition, the PDO is responsible for managing the government's relationships with bond rating agencies.

The Financial System Law defines the frameworks for public debt, government borrowing and guarantees, the extent of the government's responsibility for debt incurred by it or on its behalf and the granting of authority to incur debt on behalf of the government. It stipulates that the government may only incur debt for limited purposes, including to finance budget deficits, finance investments, stimulate capital markets and support monetary policy, or for other purposes approved by the Executive Council.

The Financial System Law grants authority to the DoF, as the representative of the government in its capacity as owner of a government-company, to monitor the financial performance of government-owned companies and other government investments and entrusts the DoF with passing rules to regulate the increase of capital, borrowing, the giving of guarantees and money lending by such entities.

The Financial System Law also regulates borrowings by government-related entities and states that while the government is directly liable for public debt, it is not responsible for the liabilities of any government-related entity.

There is currently no domestic bond market in the UAE or any of its emirates.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Book-entry Systems**

#### *DTC*

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a “banking organization” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org), but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including

safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through

action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Issuer, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.



## TAXATION

### General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

### United Arab Emirates and the Emirate of Abu Dhabi

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law and practice in force at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of the Notes and the receipt of payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in the Abu Dhabi legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments of principal or interest on the Notes. In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject to certain limited exceptions.

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

### U.S. Federal Income Taxation

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder or Non-U.S. Holder (each as defined below). This summary deals only with purchasers of Registered Notes that are U.S. Holders or Non-U.S. Holders, acquire such Registered Notes at initial issuance at their issue price (as defined below), and will hold the Registered Notes as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar and (x) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, special tax accounting rules as a result of which the timing of any item of gross income inclusions with respect to the Registered Notes may be accelerated to conform to an applicable financial statement or non-U.S., state or local tax considerations.

As used herein, the term **U.S. Holder** means a beneficial owner of Registered Notes that is for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the

trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that is otherwise treated as a United States person. A **Non-U.S. Holder** is a beneficial owner of Notes that is neither a U.S. Holder nor a partnership.

If a partnership (or any other entity treated as fiscally transparent for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the **Code**), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF REGISTERED NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.**

The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the applicable Final Terms.

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable Final Terms. To the extent there is any inconsistency in the discussion of U.S. tax consequences to holders between this Base Prospectus and the applicable Final Terms, holders should rely on the tax consequences described in the applicable Final Terms instead of this Base Prospectus.

## **U.S. Holders**

### ***Payment of Interest***

#### *General*

Interest on a Note held by a U.S. Holder, including the payment of any additional amounts whether payable in U.S. dollars or a currency other than U.S. dollars (**foreign currency interest on a Foreign Currency Note**), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “*Original Issue Discount — General*”), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount (**OID**), if any, accrued with respect to the Notes (as described below under “*Original Issue Discount — General*”) and payments of any additional amounts generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

### ***Original Issue Discount***

#### *General*

The following is a summary of the principal U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event that the Issuer issues contingent debt instruments, the applicable Final Terms will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note’s “stated redemption price at maturity” (as defined below) over its issue price is at least a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an **instalment obligation**) generally will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s

stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the **issue price** of a Note under the applicable Final Terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The **stated redemption price** at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A **qualified stated interest** payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than in debt instruments of the Issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*— Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described below under "*— Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note (**accrued OID**). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The **adjusted issue price** of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being **acquisition premium**) and that does not make the election described below under "*— Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under "*— General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "*Original Issue Discount — Notes Purchased at a Premium*") or acquisition premium. If a U.S. Holder

makes this election for the Note, then, when the constant yield method is applied, the issue price of the Note will equal the U.S. Holder's adjusted basis immediately after its acquisition of the Note, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service (the **IRS**). However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed below under "*— Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates (**Variable Interest Rate Notes**) generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A **qualified floating rate** is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An **objective rate** is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A **qualified inverse floating rate** is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A **current value** of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate (other than a fixed rate for one year or less and a variable rate that are treated together as a single rate as described above), the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt instrument. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt may be more fully described in the applicable Final Terms.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax

purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Market Discount*

A Note, other than a Short-Term Note, that is not acquired at its original issue generally will be treated as purchased at a market discount (a **Market Discount Note**) if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's adjusted issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes *de minimis* market discount.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

#### *Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Special rules may limit the amount of bond premium that can be amortised during certain accrual periods in the case of Notes that are subject to optional redemption. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount — Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

### ***Sale or Other Disposition of Notes***

A U.S. Holder's tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. Except to the extent described above under "*Original Issue Discount — Market Discount*" or "*Original Issue Discount — Short-Term Notes*" or attributable to accrued but unpaid interest (which will be taxed as such) or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

### ***Foreign Currency Notes***

#### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Note in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### ***OID***

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "*Foreign Currency Notes — Interest*". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Note), a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### ***Market Discount***

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income

currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond Premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of the offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to amortise bond premium (other than acquisition premium) into account will recognise a capital loss when the Note matures.

#### *Sale or Other Disposition of Notes*

A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and its tax basis in the Note. The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or other disposition, or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

#### *Disposition of Foreign Currency*

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

#### *Disclosure Requirements*

U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury regulations, certain



transactions with respect to the Notes may be characterised as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a foreign currency Note. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

### ***Foreign Financial Asset Reporting***

Certain U.S. Holders that own “specified foreign financial assets” that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Notes.

### **Non-U.S. Holders**

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S. (and, if a treaty applies, such payment is attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States); or (ii) in the case of any gain realised on the sale or other disposition of a Note by an individual Non-U.S. Holder, that Holder is present in the U.S. for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met.

### **Backup Withholding and Information Reporting**

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, Notes, payable to a U.S. Holder by a U.S. or certain U.S.-related paying agents or intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments (including payments of OID) if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements.

Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. Holders (including, among others, corporations) are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement (such programme agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 23 September 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilisation or other transactions. Such transactions, if commenced, may be discontinued at any time. Under the laws and regulations of the United Kingdom stabilisation activities may only be carried on by the Stabilisation Manager(s) named in the applicable Final Terms (or persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

### Transfer Restrictions

*As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing the Notes for its own account or for the account of one or more QIBs, and it is aware, and any person on whose account it is acting has been advised, that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States;
- (b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes;
- (c) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (d) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the

Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

- (e) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (d) above, if then applicable;
- (f) that Notes initially offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and that Notes offered and sold outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (g) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide to each of the Issuer and Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;
- (h) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect, subject as provided in Condition 2.5:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OF THE SECURITIES ACT FOR REALES AND OTHER TRANSFERS OF THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (i) if it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable securities laws of any state or other jurisdiction of the United States; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."; and

- (j) that the Issuer, the Registrar, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Managers or, as the case may be, the relevant Dealer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent) of Registered Notes.

## **Selling Restrictions**

### *United States*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year (taking into account any unilateral right to extend or rollover the term) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder (the **Code**).

In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) (the **D Rules**), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);
- (d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either (i) repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c); and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subclauses (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the D Rules.

In addition, to the extent that the Final Terms or the subscription agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is TEFRA C, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Notes, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions, or otherwise involve its U.S. office in the offer or sale of such Notes. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including under TEFRA C.

Until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the

Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

***Prohibition of sales to EEA Retail Investors***

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**);
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) 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 1(4) of the Prospectus Directive, provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- a. the expression means **an offer of Notes to the public** in relation to any Notes in any Member State of the European Economic Area means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- b. the expression means **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended.

### ***United Kingdom***

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

- (a) in relation to any Notes 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 Notes 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 Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, 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, or for the benefit of, 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.

### ***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 Notes 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.

### ***Dubai International Financial Centre***

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

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the **DFSA**) rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

### ***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the “Rules on the Offer of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority of Saudi Arabia (the **CMA**) resolution number 3-123-2017 dated 27 December 2017, as amended by CMA resolution number 3-45-2018 dated 23 April 2018 (the **KSA Regulations**), made through an authorised person licensed to carry out arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “Sophisticated Investors” under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes by it to a Saudi Investor will be made in compliance with the KSA Regulations.



Each offer of Notes shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and (a) the Notes are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

#### ***Kingdom of Bahrain***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an accredited investor means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more, excluding that person’s principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

#### ***Singapore***

Each Dealer has acknowledged that and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or caused the Notes to be made the subject of an invitation for subscription or purchase and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) pursuant to Section 276(7) of the SFA; or

- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the applicable Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

***General***

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes 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 neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents and agrees that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issuance of Notes was duly authorised by the Executive Council of the Emirate of Abu Dhabi on 15 September 2019.

### Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or around 25 September 2019.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from <https://dof.abudhabi.ae/en>:

- (a) the Agency Agreement (including the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant; and
- (b) a copy of this Base Prospectus.

This Prospectus, any future supplements and each Final Terms for Notes that are listed on the Official List and admitted to trading on the regulated market of the London Stock Exchange will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

### Clearing Systems

The Notes 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 and if applicable, the FISN and the CFI, for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms. If the Notes 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 SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is Depository Trust Company, 55 Water Street, New York, New York 10041, United States of America.

### Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### Significant Change

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 Issuer since 31 December 2018.

### Litigation

The Issuer is not, nor has it 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 had in such period, a significant effect on the financial position of the Issuer.

**Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or the Issuer's affiliates in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its agencies. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Business address**

The business address of the Issuer is PO Box 246, Abu Dhabi, United Arab Emirates and its telephone number is +971 2 810 1000.

**ISSUER**

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