

# BASE PROSPECTUS



## APICORP SUKUK LIMITED

(an exempted company incorporated in the Cayman Islands with limited liability)

U.S.\$3,000,000,000

### Trust Certificate Issuance Programme

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

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described in the Programme Agreement.

Each Tranche (as defined in the terms and conditions of the Certificates as set out in this Base Prospectus (the "**Conditions**")) of Certificates issued under the Programme will be constituted by: (i) an amended and restated master trust deed (the "**Master Trust Deed**") dated 9 May 2019 entered into between the Trustee, Arab Petroleum Investments Corporation ("**APICORP**") and BNY Mellon Corporate Trustee Services Limited as delegate of the Trustee (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under such Master Trust Deed); and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**") in relation to the relevant Tranche. Certificates of each Series (as defined herein) confer on the holders thereof from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from the relevant Trust Assets (as defined herein). The Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each Certificateholder.

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

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

The Central Bank of Ireland (the "**Central Bank**") only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the European Economic Area (for the purposes of this Base Prospectus, the "**Prospectus Directive**").

This Base Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Certificates issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and trading on the regulated market of Euronext Dublin. The regulated market of Euronext Dublin is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU (as amended, "**MiFID II**")).

This Base Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under the DFSA's Markets Rule 2.6 and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012. Application has also been made to the DFSA for certain Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

References in this Base Prospectus to Certificates being listed (and all related references) shall mean that: (a) such Certificates have been admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List; and/or (b) such Certificates have been admitted to trading on Euronext Dublin's regulated market and have been admitted to the Official List.

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

Notice of the aggregate face amount of the Certificates, periodic distribution amounts (if any) payable in respect of the Certificates, the issue price of the Certificates and certain other information which is applicable to each Tranche will be set out in a final terms document (the "**applicable Final Terms**") which: (i) with respect to Certificates to be listed on Euronext Dublin, will be delivered to the Central Bank and Euronext Dublin; and (ii) with respect to Certificates to be listed on Nasdaq Dubai, will be delivered to the DFSA and Nasdaq Dubai.

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined below), unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable security laws of any state of the United States. For a description of certain restrictions on offers and sales of Certificates and on the distribution of this Base Prospectus, see "*Subscription and Sale*".

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

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Executive *Shari'a* Committee of HSBC Saudi Arabia, the *Shari'a* advisers of J.P. Morgan Securities plc and the *Shari'a* Supervisory Committee of Standard Chartered Bank (together, the "**Shari'a advisers**"). Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Shari'a* principles.

The rating of certain Series of Certificates to be issued under the Programme and the credit rating agency issuing such rating may be specified in the applicable Final Terms. APICORP has been assigned a long term rating of Aa3 (positive) by Moody's Deutschland GmbH ("**Moody's**"). The Programme has been assigned a rating of (P)Aa3 by Moody's. Moody's is established in the EU and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). Moody's appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority ("**ESMA**") website at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

**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 payable under the Certificates may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**") are set out in the section entitled "Benchmark Regulation".

	<b>Arrangers</b>	
Crédit Agricole CIB		HSBC
J.P. Morgan		Standard Chartered Bank
	<b>Dealers</b>	
Bank ABC		Crédit Agricole CIB
Emirates NBD Bank PJSC		First Abu Dhabi Bank PJSC
Gulf International Bank		HSBC
J.P. Morgan		NCB Capital
Noor Bank PJSC		Standard Chartered Bank

The date of this Base Prospectus is 9 May 2019

## IMPORTANT NOTICES

This Base Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules and comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Group (as defined below) and the Certificates which, according to the particular nature of the Trustee, APICORP, the Group and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and APICORP.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with each of the Trustee and APICORP and other persons, such as experts, whose opinions are included in this Base Prospectus with their consent. The DFSA has also not assessed the suitability of the Certificates issued under this Programme to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are *Shari'a* compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Certificates issued under this Programme to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Each of the Trustee and APICORP accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms for each Tranche of Certificates issued under the Programme. To the best of the knowledge of the Trustee and APICORP (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Each Tranche of Certificates will be issued on the terms set out herein under "*Terms and Conditions of the Certificates*" as completed by the applicable Final Terms. This Base Prospectus must be read and construed together with any supplements hereto, and, in relation to any Tranche of Certificates, the applicable Final Terms.

Copies of the applicable Final Terms will be available from the registered office of each of the Trustee and APICORP and the specified office set out below of the Principal Paying Agent (as defined herein).

Certain information contained in "*Risk Factors*" and "*Description of the Group*" (as indicated therein) has been extracted from independent, third party sources. Each of the Trustee and APICORP confirms that all third party information contained in this Base Prospectus has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

None of the Dealers or the Delegate has independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Trustee or APICORP in connection with the Programme. None of the Dealers or the Delegate accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Trustee or APICORP in connection with the Programme, nor is any responsibility or liability accepted by them for any acts or omissions of the Trustee, APICORP or any other person (other than the relevant Dealer) in connection with the Base Prospectus or the issue and offering of Certificates under the Programme. To the fullest extent permitted by law, none of the Dealers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with APICORP, or the issue and offering of the Certificates. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Trustee, APICORP, the Dealers or the Delegate 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 Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, APICORP, the Dealers or the Delegate.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates: (a) is intended to provide the basis of any credit or other evaluation save for making an investment decision on the Certificates; or (b) should be considered as a recommendation by the Trustee, APICORP, the Dealers or the Delegate that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or the issue of any Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and APICORP. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Certificates constitutes an offer or invitation by or on behalf of the Trustee, APICORP, any of the Dealers or the Delegate to any person to subscribe for or to purchase any Certificates.

Neither the delivery of this Base Prospectus nor any sale of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein concerning the Trustee and/or APICORP is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate and the Dealers expressly do not undertake to review the financial condition or affairs of the Trustee or APICORP during the life of the Programme or to advise any investor in the Certificates of any information coming to their attention.

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

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Trustee in such jurisdiction.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates 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 Certificates, the merits and risks of investing in the Certificates 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 Certificates and the impact the Certificates 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 Certificates, including Certificates with principal or profit (howsoever described) payable in one or more currencies, or where the currency for principal or profit (howsoever described) is different from the potential Investor's Currency (as defined herein);
- (d) understands thoroughly the terms of the Certificates 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.

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

This Base Prospectus has been prepared on the basis that would permit an offer of Certificates with a denomination of less than EUR 100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Certificates in any Member State of the European Economic Area (each, a "**Relevant Member State**") must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Certificates. Accordingly any person making or intending to make an offer of Certificates in that Relevant Member State may only do so in circumstances in which no obligation arises for the Trustee, APICORP, any Dealer or the Delegate to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Trustee, APICORP nor any Dealer have authorised, nor do they authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Trustee, APICORP or any Dealer to publish or supplement a prospectus for such offer.

In making an investment decision, investors must rely on their own independent examination of the Trustee and APICORP and the terms of the Certificates being offered, including the merits and risks involved. The Certificates 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 unlawful.

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal 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: (a) the Certificates are legal investments for it; (b) the Certificates can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules.

## STABILISATION

In connection with the issue of any Tranche, one or more relevant Dealers (the "Stabilisation Manager(s)") (or any person acting on behalf of any Stabilisation Manager(s)) may over-allot Certificates or effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, 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 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### PRESENTATION OF GROUP FINANCIAL INFORMATION

The financial statements relating to the Group referred to in this Base Prospectus are as follows:

- (a) the audited consolidated financial statements of the Group as of 31 December 2018 and for the year then ended, together with the notes thereto and the audit report in respect thereof (the "**2018 Financial Statements**"); and
- (b) the audited consolidated financial statements of the Group as of 31 December 2017 and for the year then ended, together with the notes thereto and the audit report in respect thereof (the "**2017 Financial Statements**" and together with the 2018 Financial Statements, the "**Financial Statements**").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (the "**IASB**") and interpretations issued by the International Financial Reporting Standards Interpretations Committee of the IASB (together, "**IFRS**").

The Financial Statements have been audited by Deloitte & Touche – Middle East ("**Deloitte Middle East**") (which has conducted its audits in accordance with the International Standards on Auditing), as stated in each of its unqualified reports incorporated by reference in this Base Prospectus.

The Group publishes its financial statements in U.S. dollars.

### PRESENTATION OF OTHER INFORMATION

In this Base Prospectus, references to:

- "**Establishing Agreement**" are to the establishing agreement and statute for APICORP dated 23 November 1975 to which the governments of the 10 OAPEC Member States are signatories;
- "**EUR**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;
- "**GCC**" are to the Gulf Co-Operation Council;
- the "**Group**" are to APICORP and its consolidated subsidiaries and associates;
- "**ID**" are to the lawful currency of Iraq;
- "**LD**" are to the lawful currency of Libya;
- "**LE**" are to the lawful currency of Egypt;
- a "**Member State**" are, unless the context does not permit, references to a Member State of the European Economic Area;

- "MENA" are to the Middle East and North Africa region;
- "OAPEC" are to Organization of Arab Petroleum Exporting Countries;
- "OAPEC Member State" are to each of the 10 member states of OAPEC, being the Democratic and Popular Republic of Algeria ("Algeria"), the Kingdom of Bahrain ("Bahrain"), the Arab Republic of Egypt ("Egypt"), the Republic of Iraq ("Iraq"), the State of Kuwait ("Kuwait"), the State of Libya ("Libya"), the State of Qatar ("Qatar"), the Kingdom of Saudi Arabia ("Saudi Arabia"), the Syrian Arab Republic ("Syria") and the United Arab Emirates (the "UAE");
- "PRC" are to the People's Republic of China;
- "Relevant Jurisdictions" means each of the Cayman Islands, the Kingdom of Saudi Arabia, Kuwait, the United Arab Emirates, Libya, Iraq, the State of Qatar, Algeria, Bahrain, Egypt and Syria;
- "Renminbi", "CNH", "RMB" and "CNY" are to the currency of the PRC;
- "SR" are to the lawful currency of the Kingdom of Saudi Arabia;
- "TD" are to the lawful currency of Tunisia; and
- "U.S.\$" or "U.S. dollars" are to the lawful currency of the United States.

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. Additionally, the figure "0" is used to indicate that a specific figure has been rounded to zero, whereas a dash indicates that there is no value for that column or row.

#### 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 APICORP'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 – Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents*" and "*Description of the Group*" and other sections of this Base Prospectus. APICORP has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although APICORP 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 risks or uncertainties materialise, including those identified below or which APICORP has otherwise identified in this Base Prospectus, or if APICORP's underlying assumptions prove to be incomplete or inaccurate, APICORP's actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors – Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents*" and "*Description of the Group*", which include a more detailed description of the factors that might have an impact on the Group's business development and on the industry sectors in which the Group operates.

The risks and uncertainties referred to above include:

- APICORP's ability to realise the benefits it expects from existing and future investments it is undertaking or plans to or may undertake;
- APICORP's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and capital expenditures;
- actions taken by APICORP's joint venture partners or associates that may not be in accordance with its policies and objectives;

- the economic and political conditions in the markets in which APICORP operates; and
- changes in political, social, legal or economic conditions in the markets in which APICORP and its customers operate.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

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, APICORP 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.

### **ALTERNATIVE PERFORMANCE MEASURES**

A number of the financial measures presented by APICORP in this Base Prospectus are not defined in accordance with the IFRS. However, APICORP believes that these measures provide useful supplementary information to both investors and APICORP's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined according to the IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined according to IFRS and not included in APICORP's financial statements incorporated by reference into this Base Prospectus:

- *Return on assets*: Profit for the year of APICORP divided by total assets at the end of the year;
- *Return on equity*: Profit for the year of APICORP divided by total equity and non-controlling interests at the end of the year;
- *Return on paid up capital*: Profit for the year of APICORP divided by share capital at the end of the year;
- *Total capital adequacy ratio*: Calculated in accordance with Basel II requirements;;
- *Tier 1 capital ratio*: Calculated in accordance with Basel II requirements; and
- *Ratio of total shareholders' funds to total assets*: Total equity attributable to shareholders of the corporation as at year end divided by total assets as at year end.

### **VOLCKER RULE**

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund", and (iii) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, APICORP, the Arrangers, the Delegate, the Agents or the Dealers, or any of their respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.



## NOTICE TO UK RESIDENTS

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

The distribution in the United Kingdom of this Base Prospectus, any applicable Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (high net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be promoted. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any applicable Final Terms or any other marketing materials in relation to any Certificates.

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

Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

## NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public in the Cayman Islands to subscribe for any Certificates and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates.

## NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates 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 Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

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

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

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

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

Any Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

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

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

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

#### **NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)**

Unless otherwise stated in the relevant Final Terms, all Certificates issued or to be issued under the Programme 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 MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **PRODUCT GOVERNANCE UNDER MiFID II**

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

The Final Terms in respect of any Certificates may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (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 Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES.....	i
RISK FACTORS.....	1
DOCUMENTS INCORPORATED BY REFERENCE .....	22
OVERVIEW OF THE PROGRAMME .....	23
STRUCTURE DIAGRAM AND CASHFLOWS .....	30
FORM OF THE CERTIFICATES .....	33
FORM OF FINAL TERMS.....	35
TERMS AND CONDITIONS OF THE CERTIFICATES .....	44
USE OF PROCEEDS .....	79
DESCRIPTION OF THE TRUSTEE.....	80
DESCRIPTION OF THE GROUP.....	82
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS .....	123
TAXATION .....	140
SUBSCRIPTION AND SALE.....	142
BENCHMARK REGULATION.....	148
GENERAL INFORMATION .....	149

## RISK FACTORS

*Each of the Trustee and APICORP believes that the following factors may affect its ability to fulfil its obligations in respect of the Certificates issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Trustee nor APICORP is in a position to express a view on the likelihood of any such contingency occurring. References herein to the "Trustee" shall mean APICORP Sukuk Limited acting in any capacity, except where the context does not permit.*

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

*If any of the risks described below actually materialise, the Trustee, APICORP and/or the Group's business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to occur, the trading price of the Certificates could decline and investors could lose all or part of their investment.*

*Each of the Trustee and APICORP believes that the factors described below represent all the material risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee or APICORP to pay periodic distribution amounts, principal or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee and APICORP based on information currently available to them or which they may not currently be able to anticipate. 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 TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME**

The Trustee was incorporated under the laws of the Cayman Islands on 4 May 2015 as an exempted company with limited liability. The Trustee will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity of Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents (as defined herein).

The ability of the Trustee to pay amounts due on any Certificates will be dependent upon receipt by it from APICORP of all amounts due under the Transaction Documents to which it is a party which, in the aggregate, may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents. As a result, the Trustee is subject to all the risks to which APICORP is subject, to the extent such risks could limit APICORP's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents to which it is a party. See "*Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents*" for a further description of these risks.

### **FACTORS THAT MAY AFFECT APICORP'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS**

**The Group's business principally involves lending money to, and making equity investments in, entities engaged in the oil and gas and energy sectors, principally in the OAPEC Member States, which exposes it to significant economic and political risks**

The Group's business principally involves lending money to, and making equity investments in, entities engaged in the oil and gas and energy sectors, principally in the OAPEC Member States. As a result, the Group is exposed to:

- a general economic downturn and, in particular, an economic downturn which directly impacts the GCC countries, in which the majority of its borrowers and significant equity investments are located, or Egypt, where it also has significant equity investments;
- a significant and lasting decline in oil and gas prices, such as that seen between mid-2014 and the start of 2017, which is likely to adversely affect both its borrowers (as further described under "*The Group's business is concentrated on the oil and gas and energy sectors, which materially increases its economic risks*") and the economies of those of the OAPEC Member States which are heavily dependent on the hydrocarbon sector; and

- adverse political developments in or affecting any of the OAPEC Member States including, in particular, the GCC countries and Egypt (as further described under "*The Group's business is concentrated in geographical terms, which materially increases its political risks*").

Any one or more of these developments could materially negatively impact the business of the Group's equity investees or the ability of the Group's borrowers to pay interest or principal on their loans and could give rise to an increase in non-performing loans ("NPLs") in the Group's loan portfolio. This would in turn be likely to result in:

- an increase in the Group's impairment charges that could adversely affect its profitability;
- an adverse effect on the value of the equity investments which the Group has made which could negatively affect the Group's other comprehensive income and could also result in certain investments being impaired;
- an adverse effect on the ability of the Group's equity investee companies to pay dividends to the Group; and/or
- potentially material losses if the Group is forced to divest such investments.

Any of the foregoing could have a material adverse effect on the Group.

**The Group's business is concentrated on the oil and gas and energy sectors, which materially increases its economic risks**

As at 31 December 2018, 90.9 per cent. of the Group's U.S.\$3.5 billion direct and syndicated lending was to borrowers in the oil and gas and energy industries (including maritime transport of related products). A breakdown of the Group's loan portfolio by sub-sector within these sectors is set out under "*Business Description—Business—Portfolio sector and sub-sector concentration*". In addition, 96.9 per cent. of the Group's U.S.\$1,002.0 million direct equity investments as at 31 December 2018 were in the oil and gas and energy sectors and, as at the same date, the Group also owned U.S.\$628.0 million in fair value through other comprehensive income ("FVTOCI") debt securities issued by entities in the oil and gas sector.

The oil and gas industry, in particular, has historically been cyclical with levels of investment and profitability in that sector being materially dependent on prevailing international oil and gas prices, which have fluctuated significantly over the past two decades, and are likely to remain volatile in the future. This volatility can be illustrated using the OPEC reference basket price, which is a price based on the average of the prices of petroleum blends that are produced by OPEC member countries. According to data produced by OPEC, the average annual OPEC reference basket prices in 2015, 2016, 2017 and 2018 were U.S.\$49.49 per barrel, U.S.\$40.76 per barrel, U.S.\$52.43 per barrel and U.S.\$69.78 per barrel, respectively, compared to average annual OPEC reference basket prices of around U.S.\$100 in each of the four years preceding 2015.

Oil and gas prices may fluctuate in response to changes in many factors over which the Group has no control. These factors include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East, the United States and Russia;
- global and regional supply and demand dynamics, and expectations regarding future supply and demand, for oil and gas products;
- the ability of members of OPEC and other oil and gas 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 oil and gas producing or consuming countries;
- increased utilisation of renewable or other energy sources or the widespread adoption of technologies which reduce demand for oil and gas;

- global economic and political conditions; and
- global weather and environmental conditions.

The Group mainly invests in longer-term projects. Significant and sustained declines in international oil and gas prices could materially and adversely impact the economics of the projects being financed by the Group, which could result in the projects being restructured or, in extreme cases, becoming unviable. In all cases where there is a significant and sustained decline in oil and gas prices, the Group is likely:

- to experience reduced dividend income from its equity investee companies - for example the Group's dividend income from its available for sale direct equity investments fell from U.S.\$57.3 million in 2016 to U.S.\$35.3 million in 2017, though this increased to U.S.\$52.1 million in 2018; and/or
- to incur impairment losses on its lending to, and equity investments in, these projects, which could adversely affect its profitability, for example the Group increased its collective impairment charge relating to its direct and syndicated loans by U.S.\$10.6 million, or 77.9 per cent., in 2015 and it recorded specific impairment charges against its available for sale direct equity investments of U.S.\$5.0 million in 2015 and U.S.\$5.1 million in 2016;

In addition, the fair value of the Group's available for sale debt securities issued by oil and gas sector entities may be adversely affected by a sustained decline in the oil and gas sector which could result in significant other comprehensive losses and, potentially, additional impairment charges. For example, in 2015 the net change in the fair value of the Group's available for sale investments (excluding direct equity investments) was a decline of U.S.\$20.5 million and the net change in the fair value of the Group's available for sale direct equity investments was a decline of U.S.\$30.9 million. As a result, a substantial decline in the oil and gas prices could have a material adverse effect on the Group.

**The Group's business is concentrated in geographical terms, which materially increases its political risks**

As at 31 December 2018, 73.9 per cent. of the Group's U.S.\$3.5 billion direct and syndicated lending was to borrowers in the GCC countries and a further 11.7 per cent. was to borrowers in North Africa, principally Egypt. A geographical breakdown of the Group's loan portfolio is set out under "*Business Description—Business—Portfolio geographical concentration*". In addition, 78.5 per cent. of the Group's U.S.\$1,002.0 million direct equity investments (See "*Description of the Group—Business—Investments—Direct equity investment portfolio*") as at 31 December 2018 were in Arab world countries, with six out of a total of 15 direct equity investments in companies in Saudi Arabia, four in Egypt, two in Libya and one each in Bahrain, Iraq and Tunisia, as well as an indirect equity investment in the IFC Fund to invest in the MENA region. As at the same date, the Group also had U.S.\$741.3 million in FVTOCI debt securities issued by entities in the GCC.

While some countries in the MENA region are seen as having a relatively stable political environment, a number of other jurisdictions in that region are not. Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest and terrorism. In particular, since early 2011 there has been political unrest in a range of MENA region countries, including Algeria, Bahrain, Egypt, Iraq, Libya, Saudi Arabia and Syria (all of which are OAPEC Member States) and Jordan, Palestine, Oman, Tunisia and Yemen (which are not OAPEC Member States). This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and the overthrow of existing leadership and has given rise to increased political uncertainty across the MENA region. There is an ongoing civil war in Libya, with multiple sides claiming to be the legitimate government in the country. Conflict in Yemen has expanded into a multinational conflict, with GCC countries becoming involved in military operations against the Al Houthi militia. Unrest in Syria and conflicts between multiple sides (including the government of Bashar al-Assad, numerous rebel groups and 'Islamic State of Iraq and Syria') have led to many countries, including Russia, Iran, the United States and other North Atlantic Treaty Organization forces, becoming involved with military operations in Syria, supporting different sides.

Diplomatic relations between GCC nations and Iran have also deteriorated with many GCC nations cutting full diplomatic ties and, in June 2017, three GCC countries, Saudi Arabia, the UAE and Bahrain, and two other regional countries, Egypt and Yemen, severed diplomatic ties with Qatar, cut transport links and

imposed sanctions on Qatar. The stated rationale for these actions was Qatar's support of terrorist and extremist organisations and Qatar's interference in the internal affairs of other countries.

The Group does not have operations in any of the countries currently affected by armed conflict, except in Libya where it has a direct equity investment in Arab Drilling and Workover Company (20 per cent. of equity), which has been substantially impaired, and a direct equity investment in Arab Geophysical Exploration Services Company (16.7 per cent. of equity), which has been fully impaired. These investments together amount to less than 0.5 per cent. of APICORP's direct equity investment portfolio. See "*Description of the Group—Business—Investments—Direct equity investment portfolio*".

There is no certainty that extremists or terrorist groups will not escalate violent activities in the MENA region or that any currently stable governments in the MENA region will be successful in maintaining the prevailing levels of domestic order and stability. It is not generally possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of these occurrences, and no assurance can be given that the Group will be able to sustain the profitable operation of its business if adverse political events or circumstances that impact the countries in which it has significant investments occur.

Investors should also note that the Group's business and financial performance could be adversely affected by political, economic or related developments outside the MENA region because of inter-relationships within the global financial markets. Moreover, there is no certainty that the governments of the countries to which the Group is particularly exposed will not implement restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates and new legal interpretations of existing regulations, any of which could have a material adverse effect on the Group.

#### **The Group conducts a significant proportion of its business with related parties and has significant client concentrations**

The Group's principal related parties are its shareholders and the Group conducts a significant amount of business with companies that are controlled by its shareholders or over which its shareholders have significant influence and which are classified as related parties of the Group accordingly.

As at 31 December 2018, 67.8 per cent. of the Group's U.S.\$3.5 billion syndicated and direct loans outstanding were made to related parties. As at the same date, all of the Group's U.S.\$969.5 million direct equity investments were in entities that are related parties. In addition, 64.6 per cent. of the Group's U.S.\$819.4 million total deposits as at 31 December 2018 were from related parties.

Although it is the Group's policy that loans to related parties are made at prevailing market interest rates and subject to normal commercial negotiation as to terms and the Group applies defined criteria to making direct equity investments, no assurance can be given that the Group would not have obtained more favourable terms from loans to, or direct equity investments in, third parties. In addition, it is possible that the Group may, in the future, be influenced in its decision to advance a loan or make a direct equity investment in a related party by virtue of its relationship with the relevant shareholder which owns or significantly influences the prospective investee.

As at 31 December 2018, the Group's 10 largest loan exposures accounted for 34.2 per cent. of its lending portfolio. In addition to its credit exposure, the Group also had an equity investment in one of these clients. As a result, if any of these major clients is materially adversely affected, whether by low hydrocarbon prices, adverse economic or political conditions, or other factors, such that its ability to make payments to the Group is affected, this could result in a material increase in the Group's impairment charges and adversely affect its profitability and therefore have a material adverse effect on the Group.

#### **The Group is exposed to significant credit risk as a result of its lending activities and investments in fixed income securities**

As at 31 December 2018, the Group's syndicated and direct lending portfolio amounted to U.S.\$3,492.9 million, or 50.2 per cent. of its total assets, its investments in fixed income securities (net of provisions) amounted to U.S.\$1,299.1 million, or 18.7 per cent. of its total assets, and its commitments to underwrite and fund financings amounted to U.S.\$1,021.0 million, or 67.0 per cent. of its total off-balance sheet exposures.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial exposure or instrument fails to meet its contractual obligations. Credit risks arising from adverse changes in the credit



quality and recoverability of financings and amounts due from counterparties are inherent in a wide range of the Group's businesses. The Group regularly reviews and analyses its syndicated and direct lending portfolio and other credit risks, and the Group's provision for losses on its syndicated and direct lending portfolio is based on, among other things, its analysis of current and historical delinquency rates and financing management and the valuation of the underlying assets, as well as numerous other management assumptions. However, these internal analyses and assumptions may give rise to inaccurate predictions of credit performance, particularly in a volatile economic climate. See "*The Group's risk management policies, systems and procedures may leave it exposed to unidentified or unanticipated risks*" below.

Credit risks could arise from a deterioration in the credit quality of specific counterparties, from a general deterioration in local or global economic conditions or from systemic risks within the financial system in which the Group operates. Any of these factors could affect the recoverability and value of the Group's credit-related assets, result in an increase in NPLs and require an increase in impairment provisions, which could have a material adverse effect on the Group.

**A substantial increase in impairment provisions related to the Group's syndicated and direct lending or the occurrence of losses greater than the previously recorded impairment provisions in respect of such lending would have a material adverse effect on the Group**

In connection with its syndicated and direct lending, the Group periodically establishes impairment allowances for losses, which are recorded in its income statement as "impairment, net". The Group's overall level of impairment provisioning against its syndicated and direct lending is based upon its assessment of prior loss experience, the volume and type of financing advanced to its customers, the amount and type of collateral held, industry standards, ageing/past due financings, economic conditions in its borrowers' markets and other factors related to the recoverability of the financing. The Group seeks to make an appropriate level of provision for credit losses based on management's best estimate of the amount of loss expected to be incurred, however the Group may have to significantly increase its impairment provision for credit losses in the future as a result of any increase in NPLs or adverse economic conditions leading to increases in customers defaults, or for other reasons.

On 1 January 2018, the Group adopted IFRS 9: Financial Instruments ("**IFRS 9**") which, among other things, introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The implementation of IFRS 9 on the Group's calculation of impairment allowances resulted in an increase in impairment charges to U.S.\$35.5 million as at 1 January 2018 and the Group expects that its provisions for credit losses are likely to become more volatile following the implementation of IFRS 9. The impact from the adoption of IFRS 9 as at 1 January 2018 has resulted in a decrease in retained earnings by U.S.\$11.4 million and fair value reserve by U.S.\$1.3 million which resulted from the reclassification of financial instrument. In addition, the impairment allowance transition arrangements under IFRS 9 resulted in a 0.6 per cent. reduction in the opening balance of the Group's equity as at 1 January 2018.

A significant increase in the Group's impairment charges or any change in its estimate of the risk of loss inherent in its syndicated and direct lending portfolio, as well as the occurrence of credit-related losses in excess of its impairment provisions, could have a material adverse effect the Group in future periods.

**The Group is subject to the risk that liquidity may not always be readily available**

Liquidity risk is the risk that the Group will not be able to meet its obligations, including funding commitments, when they fall due or will only be able to secure funding at excessive cost which then adversely impacts its profitability. Liquidity risk arises from the inability to manage unplanned decreases or changes in funding sources.

Since the global financial crisis, financial institutions have continued to experience periods of reduced liquidity due to a variety of factors. Recently, the gradual withdrawal of quantitative easing by the world's major central banks and increases in interest rates around the world could further increase liquidity pressures, particularly for emerging markets. As a result, there could be further disruptions in certain traditional sources of liquidity, such as the fixed income securities markets, asset sales and redemption of

investments. The Group's access to these traditional sources of liquidity may, at times, be restricted or available only at a higher cost. The Group's funding principally comprises:

- term-borrowings from financial institutions, which amounted to U.S.\$1,438.6 million, and constituted 31.5 per cent. of its total funding, as at 31 December 2018;
- borrowing through the issue of securities in the form of conventional debt securities and sukuk, which amounted to U.S.\$2,305.1 million, and constituted 50.5 per cent. of its total funding, as at 31 December 2018; and
- deposits which it accepts from corporates, as well as from its shareholders and from banks, which amounted to U.S.\$819.4 million, and constituted 18.0 per cent. of its total funding, at 31 December 2018.

The Group's deposits are typically short-term in nature, with 50.6 per cent. being demand deposits or deposits with maturities of up to three months and 18.8 per cent. having maturities of more than three months but less than one year as at 31 December 2018. The Group uses these deposits principally to fund its treasury operations for the purposes of profit generation and liquidity. Although many of the Group's short-term deposits have, in the past, been rolled over on maturity such that, in practice, a significant portion have had actual maturities of a longer duration, there can be no assurance that this will continue to be the case. Reflecting the short-term nature of its deposit base and the fact that the Group's direct and syndicated lending has a more diversified maturity profile, the Group has at certain times experienced significant short-term maturity gaps. See "*Description of the Group—Funding and Liquidity—Borrowings—Liquidity*".

Accordingly, there is a risk that if a significant number of the Group's depositors choose not to roll over their deposits at any time or withdraw their deposits at a rate faster than the rate at which obligors repay financing provided by the Group, the Group could experience difficulties in funding those lost deposits. The risk of this happening is likely to increase at times of poor economic performance or material declines in oil and gas prices when the Group's customers are more likely to need cash and, at those times, it is likely to be more expensive for the Group to fund those withdrawals from other sources.

At 31 December 2018, the Group's five largest depositors accounted for 70.1 per cent. of its deposits. Any withdrawal of all or a significant portion of any of these large deposits may have a material adverse effect on the Group.

### **The Group's direct equity investments involve specific risks**

The Group's direct equity investments involve specific risks relating to the returns that the Group derives, its ability to realise the investments and the fact that it has limited involvement in the management and operations of its investee companies. In particular:

- the Group derives a considerable portion of its income from dividends from its direct equity investments and there is no certainty that dividends will be paid or as to the amount of any dividends that are paid. In 2018, 2017 and 2016, the Group's dividend income from its direct equity investments amounted to U.S.\$52.1 million, U.S.\$35.3 million and U.S.\$57.3 million, respectively, equal to 28.6 per cent., 25.0 per cent. and 43.5 per cent., respectively, of the Group's total income in each year. Almost all of the companies in the Group's direct equity investment portfolio are directly or indirectly related to the oil and gas sector, which is cyclical by nature. Material and sustained reductions in international oil and gas prices are likely to have a significant impact on the Group's equity investees' income and profitability and therefore are likely to result in those investees declaring significantly lower or no dividends, which, as illustrated by the trend above, could result in a material reduction in the Group's income, profitability and cash flows. In addition, the spill over effect of lower oil and gas revenues for GCC economies has triggered a move by those countries to reduce government subsidies on local consumption of petrochemicals for both industrial and residential consumers. This, plus the deregulation of petrol prices and the rise in global shale gas exports, has squeezed the operating margins of petrochemical facilities. This is likely to have a significant impact on certain of the Group's investees' income and profitability, which in turn may also have a material adverse effect on the Group.
- The majority of the Group's direct equity investments are not listed on an active market and are therefore illiquid. The value of the Group's direct equity investment portfolio as at 31 December

2018 was U.S.\$1,002.0 million. As at the same date, only two companies in the portfolio were listed and actively traded, Yanbu National Petrochemical Company ("YANSAB") in Saudi Arabia and Misr Oil Processing Company ("MOPCO") in Egypt. YANSAB and MOPCO were valued at U.S.\$126.5 million and U.S.\$29.9 million, respectively, equal to 15.4 per cent. in aggregate of the total portfolio, as at 31 December 2018. If the Group elects to exit any of its other direct equity investments, which are not fair valued using quoted prices on active markets, monetising these investments could be a lengthy process and there is no certainty as to the price which would be obtainable.

- The Group does not typically consolidate its direct equity investments as it generally does not hold stakes which give it control or significant influence over its investee companies. The Group's philosophy when making direct equity investments is that it should principally act in a fiduciary and advisory capacity, typically through a seat on the relevant investee's board of directors. The Group's inability to exercise control or significant influence over the majority of its direct equity investments exposes the Group to certain risks, including the risk that an investee may make business, financial or management decisions with which the Group does not agree, or that the majority shareholders or the management of any investee may take risks or otherwise act in a manner that is contrary to the Group's interests.

The foregoing risks could result in a significant reduction in dividend income from, or the value of, the Group's direct equity investments, which could have a material adverse effect on the Group.

### **The Group could be materially adversely affected by market risks**

The Group could be materially adversely affected by market risks that are outside its control, including, without limitation, volatility in interest rates, prices of securities and currency exchange rates. In particular, an increase in interest rates generally may decrease the value of the Group's fixed-rate financings and securities and may increase the Group's funding costs. In addition, it is the Group's experience that its fixed rate assets generally re-price faster than its fixed rate liabilities which means that the Group generally benefits at times of increasing interest rates but is adversely affected at times of falling interest rates. See "*Risk management—Market risk management—Interest rate risk*". Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, political factors and domestic and international economic conditions.

The Group is also exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that the Group may have to close out any open position in a foreign currency at a loss due to an adverse movement in exchange rates. The Group attempts to manage its foreign exchange rate risk by conducting a regular review of exposures to currencies other than the U.S. dollar to ensure that no significant positions are taken which may expose the Group to undue risks, by not trading in foreign exchange and by hedging its exposures in currencies other than the U.S. dollar through forward contracts, although there can be no assurance that any such hedging activity will in all cases protect the Group against its foreign exchange rate risks. See also "*Risk management—Market risk management—Currency risk*".

The Group enters into derivative transactions, such as interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate and foreign exchange rate risks. These derivative contracts had a notional value of U.S.\$3.7 billion as at 31 December 2018, compared to U.S.\$3.2 billion as at 31 December 2017 and U.S.\$2.4 billion as at 31 December 2016 and the Group's derivatives portfolio had a net negative fair value of U.S.\$9.3 million as at 31 December 2018 compared to U.S.\$7.7 million as at 31 December 2017 and U.S.\$15.4 million as at 31 December 2016. There is no assurance that the Group's derivative contracts will be successful in mitigating its interest rate and foreign exchange exposures or that the Group will not experience significant losses on its derivatives contracts from time to time.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenues and financial condition of the Group's depositors, borrowers and other counterparties which, in turn, may impact the Group's deposit base and the quality of its credit exposures to certain borrowers and other counterparties. Ultimately, there can be no assurance that the Group will be able to protect itself from any adverse effects of a currency revaluation or future volatility in interest rates or currency exchange rates.

**The Group is exposed to a range of operational risks, including the risk of loss as a result of employee misrepresentation, misconduct and improper practice**

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures (including, in particular, information technology ("IT") failures), natural disasters or the failure of external systems (for example, those of the Group's counterparties or vendors). The Group has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks that the Group faces. Losses from the failure of the Group's system of internal controls could have a material adverse effect on its business generally and its reputation.

The Group's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or prevent these types of misconduct, and the precautions which the Group takes to detect and prevent such misconduct may not be effective in all cases. There can be no assurance that measures undertaken to combat these types of misconduct will be successful. Any such actions by employees could expose the Group to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result of fines or other regulatory sanctions, and could damage the Group's reputation.

**The Group is dependent on its IT systems and any disruption to these systems could materially disrupt the Group's business**

The Group depends on its IT systems to process its transactions on an accurate and timely basis and to store and process substantially all of the Group's business and operating data. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its offices and main data processing centres, are critical to its business and its ability to compete effectively. The Group's business would be materially adversely affected if there were a partial or complete failure of any of these IT systems or communications networks. Such failures can be caused by a variety of reasons some of which are outside of the Group's control, including natural disasters, extended power outages, and computer viruses and other external electronic attacks as discussed under "*The Group's business is dependent on its IT systems which are subject to potential cyber-attack*" below. The proper functioning of the Group's IT systems also depends on accurate and reliable data and other system inputs, which are subject to internal human errors. Any failure or delay in recording or processing transaction data could subject the Group to claims for losses and regulatory fines and penalties. There can be no assurance that the Group's IT safeguards will be fully effective in the event of a disaster and or that they will protect the Group from all losses that could occur.

**The Group's business is dependent on its IT systems which are subject to potential cyber-attack**

In common with other financial institutions globally, the threat to the security of the Group's information and customer data from security breaches and cyber-attacks presents a real and growing risk to the Group's business. Activists, rogue states and cyber criminals are among those targeting IT systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of material adverse effects on the Group, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

**The Group's risk management policies, systems and procedures may leave it exposed to unidentified or unanticipated risks**

The Group is exposed to a wide range of financial risks, such as credit risk, liquidity risk, interest rate risk, currency exchange rate risk, equity price risk, and IT and other operational risks.

Although the Group has established risk management policies, procedures and internal controls based on international practices and invests substantial time and effort in the development, implementation and monitoring of risk management strategies and techniques, it cannot mitigate risk exposures under all market environments and may fail to manage its risks adequately at all times, particularly, for example, when risks that it has not identified or anticipated materialise.

The Group's methods of managing risk include the use of historical market behaviour and setting appropriate risk appetite and maximum tolerance levels to determine and monitor risk exposures. In addition, stress testing using forward-looking scenarios is designed to assist the Group in analysing the impact of possible future events on its capital, profitability, liquidity and funding position, which in turn helps to shape the Group's strategy. The Group's risk management methods are intended to assist it in predicting possible impacts on its risk exposures, but actual outcomes may prove to be significantly different from those which its risk management models predict and could be significantly greater than historical measures indicate.

Investors should note that any failure by the Group to adequately control the risks to which it is exposed, including as a result of any failure to successfully implement new risk management systems in the future, could have a material adverse effect on the Group.

#### **The Group's internal compliance systems might not be fully effective in all circumstances**

The Group's ability to comply with all applicable regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Group is subject to oversight by regulatory authorities, including the Central Bank of Bahrain with respect to the Group's Bahrain branch, and performs regular internal audits through an external auditing firm, the Group cannot be certain that its systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against it. In the case of actual or alleged non-compliance with applicable regulations, the Group could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages.

#### **APICORP is a multilateral development bank without guarantee-related support from its shareholders**

APICORP is a multilateral development bank, headquartered in Saudi Arabia and owned by the OAPEC Member States. Its three largest shareholders, which together own 51.0 per cent. of APICORP's shares, are Saudi Arabia, the UAE and Kuwait.

The OAPEC Member States have agreed in the Establishing Agreement to support APICORP on a joint and several basis and each shareholder has participated in APICORP's five (issued and fully paid) capital increases since it was established. In addition, APICORP has U.S.\$1 billion in callable capital, which is a joint and several obligation of each shareholder to provide additional capital within two months when called if required to service debt, to expand development operations (while maintaining capital adequacy ratios) or to absorb losses from treasury or development-related assets. The issuance of callable capital requires convening a shareholder meeting and APICORP cannot compel its shareholders to provide such capital. Accordingly, neither the agreement to support APICORP nor the callable capital is a guarantee and neither should be construed as providing contractual rights to APICORP's creditors. Accordingly, there is no certainty that APICORP's shareholders will continue to provide further capital to it and, if they do not, the Group's business and/or financial condition may be constrained.

#### **A negative change in APICORP's credit rating could limit its ability to raise funding and may increase the Group's borrowing costs**

APICORP is currently rated Aa3 (on a long-term basis) and P-1 (on a short-term basis) by Moody's. These credit ratings are an important factor in determining the Group's cost of borrowing. The interest rates charged on the Group's borrowings are also partly dependent on its credit ratings.

There is no assurance that APICORP's credit rating will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of APICORP's credit rating, or a negative change in its outlook, may:

- limit APICORP's ability to raise funding;

- increase APICORP's cost of borrowing; and
- limit APICORP's ability to raise capital.

In addition, actual or anticipated changes in APICORP's credit rating may negatively affect the market value of any Certificates issued under the Programme.

The major factors that could exert downward pressure on APICORP's rating noted by Moody's in its October 2018 rating report on APICORP (the "**Moody's report**") are (i) an extended period of very low oil prices or a regional political shock that would significantly impair asset quality, (ii) an indication that shareholders' willingness to support APICORP is weakening or (iii) an increase in liquidity risk or any other funding pressures emerging as a result of a worsening operating environment.

The rating assigned to APICORP may not reflect the potential impact of all risks related to the Group, the market or any other factors that may affect the value of Certificates issued under the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition, actual or anticipated changes in APICORP's credit rating could negatively affect the market value of Certificates issued under the Programme.

**The Group's continued success depends on its ability to attract and retain key management and qualified personnel**

The Group is dependent on its senior management for the implementation of its strategy and the operation of its day to day activities. While the Group has entered into two-year employment contracts with key members of its management, there is no certainty that its current members of senior management will continue to make their services available to the Group on a longer-term basis.

In addition, the Group's success will depend, in part, on its ability to continue to retain, motivate and attract qualified and experienced banking and management personnel and it may need to increase employee compensation levels to do so. Competition within the regional banking industry for qualified banking and management personnel is intense due to the low number of available qualified and/or experienced individuals compared to the level of demand. There is no certainty that the Group will at all times be able to successfully recruit and retain necessary qualified personnel. The loss of members of the Group's senior management team or an inability to recruit, train and/or retain necessary personnel could hinder the growth of the Group's business.

**The Group's ability to do business may be impaired if its reputation is damaged**

A reputation for financial strength and integrity is critical to the Group's ability to attract and retain clients. The Group's reputation could be damaged in the future by various factors, including a decline in or a restatement of or other corrections to its financial results, adverse legal or regulatory action or employee misconduct causing the Group to breach applicable legal and/or regulatory requirements. The loss of business that could result from damage to the Group's reputation could have a material adverse effect on the Group.

**The Group faces significant and increasing competition**

The Group principally competes with regional and international banks operating in the MENA region with recognised expertise in project finance as well as in the financing of energy projects. The Group cannot be certain that if its competitors offer more attractively priced and easily accessible products, its customers will nevertheless prefer the products offered by the Group and there is no certainty that the Group will be able to compete effectively against current and future competitors.

**The Group is subject to regulation**

Subject to the Establishing Agreement, APICORP is subject to certain laws, regulations, administrative actions and policies of Saudi Arabia, Bahrain and any other jurisdiction in which it operates. These regulations may limit the Group's activities, and changes in supervision and regulation, in particular in Bahrain and Saudi Arabia, could materially affect the Group's business, the products or services offered, the value of its assets, and its financial position. Although the Group complies with the policies set by the applicable regulators in each country in which it operates and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the Group's control.

## **The Group is subject to general political and economic conditions in the Middle East**

The Group currently has significant operations and interests in the Middle East. Investors should be aware that investments in emerging markets are subject to greater risks than those in more developed markets, including risks such as:

- political, social and economic instability;
- external acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism, subsidies, expropriation of assets and cancellation of contractual rights;
- regulatory and other changes in law; and
- inability to repatriate profits and/or dividends.

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

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

### **Risks relating to the Certificates**

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

The Certificates are not debt obligations of the Trustee. Instead, each Certificate represents solely an undivided beneficial ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12 (*Dissolution Events*), the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders) as applicable, will be (subject to Condition 13 (*Realisation of Trust Assets*)) against APICORP to perform its obligations under the Transaction Documents to which it is a party.

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

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

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

### ***No third-party guarantees***

Prospective investors should be aware that no guarantee is or will be given in relation to the Certificates by APICORP or any other person.

### ***Ability of defined majorities to bind all Certificateholders***

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

### ***The Conditions, the Trust Deed and other Transaction Documents may be modified without notice to Certificateholders***

The Master Trust Deed provides that the Delegate may, without the consent of the Certificateholders: (i) agree to any modification of any of the provisions of the Trust Deed (as defined in the Conditions) or the Transaction Documents that is, in the sole opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error or is not materially prejudicial to the interests of the outstanding Certificateholders provided that such modification is in each case, other than in respect of a Reserved Matter; or (ii): (A) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents; or (B) determine that any Dissolution Event shall not be treated as such, provided that such waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Conditions) and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of the relevant Series of Certificates.

### ***The Delegate may request the Certificateholders to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances, including without limitation the giving of a notice pursuant to Condition 12 (*Dissolution Events*) of the Conditions and the taking of action to enforce or realise any relevant Trust Assets or steps against the Trustee or APICORP under the relevant Transaction Documents pursuant to Condition 13 (*Realisation of Trust Assets*) of the Conditions, the Delegate may (at its sole discretion) request the holders of the relevant Certificates to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of the holders of such Certificates. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms and conditions governing the relevant Certificates or the relevant Transaction Documents and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the relevant Transaction Documents and the applicable law, it will be for the holders of the relevant Certificates to take such actions directly.

### ***The Certificates may be subject to early dissolution by the Trustee***

In certain circumstances, the Certificates may be subject to early dissolution by the Trustee. Pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*) and Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*), if the Trustee has or will become liable to pay additional amounts in respect of the Certificates and/or APICORP is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Relevant Jurisdictions or any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Conditions.

If the Optional Dissolution Right is specified in the applicable Final Terms, APICORP may exercise its option under the Sale Undertaking to procure the Trustee to redeem the Certificates in whole or in part on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount as specified in the applicable Final Terms.



In each case, dissolution will take place in accordance with the Conditions. An early dissolution feature of any Certificate is likely to limit its market value. During any period when APICORP may require the Trustee to redeem any Certificates, the market value of those Certificates generally may not rise substantially above the dissolution amount payable.

***Investors must make their own determination as to Shari'a Compliance***

The *Shari'a* advisers have confirmed that, in their opinion, the Certificates and the Transaction Documents are in compliance with *Shari'a* principles. However, there can be no assurance that the Transaction Documents or any issue and the trading of a Series of Certificates will be deemed to be *Shari'a*-compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, APICORP, the Delegate, the Agents, the Arrangers and the Dealers makes any representation as to the *Shari'a* compliance of any Series of Certificates. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure and the Transaction Documents meet their individual standards of compliance and make their own determination as to the future tradeability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents would be, if in dispute, either the subject of arbitration under English law or court proceedings under the laws of England and Wales. In such circumstances, the arbitrator or judge (as applicable) will first apply the governing law of the relevant Transaction Document.

***Shari'a requirements in relation to interest awarded by a court***

In accordance with applicable *Shari'a* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any court in connection with any dispute under the Certificates and any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against APICORP, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

***The Certificates may only be represented by Global Certificates and holders of a beneficial interest in a Global Certificate must rely on the procedures of the relevant ICSDs***

Certificates issued under the Programme may be represented by one or more Global Certificates. Such Global Certificates will be deposited with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") (together, the "**ICSDs**"). Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive Certificates in definitive form. The ICSDs will maintain records of their direct account holders in relation to the Global Certificates. While the Certificates are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through the ICSDs and their participants.

While the Certificates are represented by one or more Global Certificates, the Trustee or, as the case may be, APICORP, will discharge its payment obligations under the Certificates by making payments through the ICSDs for distribution to their account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the ICSDs and their participants to receive payments under the relevant Certificates.

Neither the Trustee nor APICORP has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates. Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs and their participants to appoint appropriate proxies.

***Credit ratings assigned to APICORP and/or the Certificates are subject to ongoing evaluations and there can be no assurance that the ratings currently assigned to APICORP and/or the Certificates will not be downgraded***

APICORP has been assigned a long term rating of Aa3 with a positive outlook by Moody's. The Certificates of each Series may be unrated or may be rated by one or more independent credit rating agencies who may also assign credit ratings to the Certificates. Any ratings of either APICORP or the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. Nevertheless, real or anticipated changes in APICORP's credit ratings or the ratings of the Certificates generally may affect the market value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction may also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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

In relation to any issue of Certificates 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 Certificates 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 Certificates 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 Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Certificates at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

***The regulation and reform of benchmarks may adversely affect the value of Certificates referencing such benchmarks***

Rates and indices which are deemed to be "benchmarks" (such as 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 Certificates referencing such a benchmark.

The Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution

of input data to a benchmark and the use of a benchmark within the EU. It will, among other things: (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Certificates referencing a benchmark, in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the Benchmark 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. Such factors may have the following effects on certain "benchmarks" (including LIBOR or EURIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead 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 Certificates linked to or referencing the relevant benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to any Certificates linked to or referencing the relevant benchmark.

***Future discontinuance of LIBOR may adversely affect the value of Floating Rate Certificates which reference LIBOR***

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. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. In a further speech on 12 July 2018, the Financial Conduct Authority emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it has in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR (or any other benchmark) were discontinued or otherwise unavailable, amounts payable in respect of Floating Rate Certificates which reference LIBOR (or such other benchmark) will be determined for the relevant period by the fall-back provisions applicable to such Certificates set out in the Conditions. Depending on the manner in which the Profit Rate is to be determined under the Conditions, this may result in the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Certificates which reference a benchmark.

If a Benchmark Event (as defined in the Conditions) occurs, there is a possibility that the Profit Rate could alternatively be set by an Independent Adviser or the Trustee and APICORP (without a requirement for the consent or approval of Certificateholders) by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. The consent of the Certificateholders shall not be required in connection with effecting a successor rate or an alternative reference rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Delegate, the Principal Paying Agent or the Calculation Agent. The Trustee shall promptly, following the determination of any successor rate, give notice thereof to the Delegate, the Principal Paying Agent, the Calculation Agent and the Certificateholders, which shall specify the effective date(s) for such successor rate or alternative rate and any consequential changes made to the Conditions.

The above-mentioned risks related to benchmarks may also impact a wider range of benchmarks in the future. Investors in Floating Rate Certificates which reference such other benchmarks should be mindful of the applicable fall-back provisions applicable to such Certificates and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Certificates which reference any such benchmark.

## **Risks relating to taxation**

### ***Change of tax law***

Statements in this Base Prospectus concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact: (i) the ability of the Trustee to service the Certificates; and (ii) the market value of the Certificates. See "*Taxation*" for further details.

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

Payments made by APICORP to the Trustee under the Transaction Documents to which it is a party or by the Trustee in respect of the Certificates could become subject to taxation. The Transaction Documents to which it is a party require APICORP to pay additional amounts in the event that any withholding or deduction is required by law in a Relevant Jurisdiction to be made in respect of payments made by it to the Trustee thereunder. Furthermore, Condition 10 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by the Cayman Islands in certain circumstances. If the Trustee fails to gross-up for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, APICORP has, pursuant to the Wakala Agreement, undertaken to pay to the Trustee (for the benefit of the Certificateholders) such additional amounts as shall be necessary in order that the aggregate net amounts received by the Certificateholders and the Trustee for the benefit of the Certificateholders after such withholding or deduction shall equal the amounts that would have been receivable in the absence of any such withholding or deduction. The circumstances described above may entitle APICORP to instruct the Trustee to redeem the Certificates pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*). See "*The Certificates may be subject to early dissolution by the Trustee*" for a description of the consequences thereof.

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

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

In order to comply with the requirements of *Shari'a*, an interest in the Wakala Assets of each Series will pass to the Trustee under the relevant Master Purchase Agreement, as supplemented by the Supplemental Purchase Agreement. The Trustee will declare a trust in respect of its ownership interest in such Wakala Assets and the other relevant Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the Master Trust Deed, as supplemented by the relevant Supplemental Trust Deed. Accordingly, Certificateholders will have beneficial ownership interests in the relevant Wakala Assets unless transfer of the Wakala Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Wakala Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. Only limited representations will be obtained from APICORP in respect of the Wakala Assets of a Series. In particular, the precise terms of such Wakala Assets or the nature of the assets sold or held will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by APICORP to give effect to the transfer of the ownership interest in the Wakala Assets). No steps will be taken to perfect the legal transfer of any ownership interest in any Wakala Assets or otherwise give notice to any obligor in respect thereof. The obligors in respect of such Wakala Assets may have rights of set off or counterclaim against APICORP in respect of such Wakala Assets.

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

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

No investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if any Supplemental Purchase Agreement will have the effect of transferring an ownership interest in the relevant Wakala Assets. The Master Purchase Agreement is, and each Supplemental Purchase Agreement will be, governed by English law and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an ownership interest in certain assets (in particular assets such as *ijara* or receivables under *murabaha* contracts) can be effectively transferred without notice of the transfer being given to the relevant obligor. Accordingly, no assurance is given that any ownership interest in any Wakala Assets will be transferred to the Trustee.

APICORP has covenanted and undertaken in each of the Purchase Undertaking and the Master Trust Deed that if the relevant exercise price is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purposes of redemption in full of the outstanding Certificates of such Series, and, accordingly, the amount payable under any such indemnity claim will equal the relevant exercise price.

In the event that the Wakala Assets of any Series are not purchased by APICORP for any reason, the Delegate will seek to enforce the above provisions of the Purchase Undertaking. To the extent that it obtains an English judgment in its favour, it may seek to enforce that judgment or award in a court of an OAPEC Member State. See "*Enforcing foreign judgments and arbitral awards against APICORP*".

### **Risks relating to Certificates denominated in Renminbi**

Certificates denominated in Renminbi ("**RMB Certificates**") may be issued under the Programme. RMB Certificates contain particular risks for potential investors, including:

***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of RMB Certificates***

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("**PBoC**") in 2018, there is no assurance that the PRC Government will continue to gradually liberalise control over cross border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programmes and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Trustee to source Renminbi to finance its obligations under RMB Certificates.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Certificates and the Trustee's ability to source Renminbi outside the PRC to service such RMB Certificates***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the PBoC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**RMB Clearing Banks**") in a number of financial centres and cities, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement, and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business-participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC, although the PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Certificates. To the extent the Trustee is required to source Renminbi in the offshore market to service the RMB Certificates, there is no assurance that the Trustee will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in RMB Certificates is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily midpoint against the U.S. dollar to take into account market-maker quotes before announcing such daily midpoint. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. In addition, although the primary obligation of the Trustee is to make all payments/repayments of interest/profit and principal with respect to RMB Certificates in Renminbi, in the event access to Renminbi deliverable in the Renminbi Settlement Centre becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in the Conditions) the Trustee is not able to satisfy payments/repayments of principal or interest/profit (in whole or in part) in respect of the RMB Certificates when due in Renminbi, the terms of the RMB Certificates allow the Trustee to make payment in U.S. dollars at the prevailing rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment made by a holder of the RMB Certificates in U.S. dollars or other applicable foreign currency will decline.

***Investment in the Renminbi Certificates is subject to currency risk***

If the Trustee is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Certificates as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Trustee shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in RMB Certificates is subject to interest/profit rate risk***

The PRC Government has gradually liberalised its regulation of interest/profit rates in recent years. Further liberalisation may increase interest/profit rate volatility. In addition, the interest/profit rates for Renminbi in markets outside the PRC may significantly deviate from the interest/profit rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The RMB Certificates may carry a fixed profit rate or a floating profit rate. Consequently, the trading price of such RMB Certificates will vary with fluctuations in interest/profit rates. If a holder of RMB Certificates proposes to sell their RMB Certificates before their maturity, they may receive an offer lower than the amount they have invested.

***Payments in respect of RMB Certificates will only be made to investors in the manner specified in the terms and conditions of the relevant Certificates***

All payments to investors in respect of the RMB Certificates will be made solely: (i) for so long as the RMB Certificates are represented by a common depository for Euroclear and Clearstream, Luxembourg, or with such other clearing system (or a depository, custodian or nominee thereof) specified in the applicable Final Terms, by transfer to a Renminbi bank account maintained in the Renminbi Settlement Centre(s) specified in the applicable Final Terms in accordance with prevailing rules and procedures of the relevant clearing system; or (ii) when the RMB Certificates are in definitive form, by transfer to a Renminbi bank account maintained in the Renminbi Settlement Centre(s) specified in the applicable Final Terms in accordance with prevailing rules and regulations. The Trustee cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

***Gains on the transfer of the RMB Certificates may become subject to income taxes under PRC tax laws***

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of RMB Certificates by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident enterprise from the transfer of RMB Certificates but its implementation rules have reduced the EIT rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident individual holder from the transfer of RMB Certificates.

However, uncertainty remains as to whether the gain realised from the transfer of RMB Certificates by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, holders who are residents of Hong Kong, including enterprise holders and individual holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if enterprise or individual resident holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of RMB Certificates, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual holders of RMB Certificates reside that reduces or exempts the relevant EIT or IIT, the value of their investment in RMB Certificates may be materially and adversely affected.

**Risks relating to enforcement**

***Change of law***

The structure of each issue of Certificates under the Programme is based on English law and administrative practices in effect at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to

make payments under the Certificates or of APICORP to comply with its obligations under the Transaction Documents.

### ***Enforcing foreign judgments and arbitral awards against APICORP***

Ultimately, the payments under the Certificates are dependent upon APICORP making payments in the manner contemplated under the Purchase Undertaking, the Wakala Agreement, the Master Murabaha Agreement and the Master Trust Deed.

If APICORP should fail to do so, it may be necessary to bring an action against APICORP to enforce its obligations which could be time consuming and costly. APICORP has irrevocably agreed to the Transaction Documents being governed by English law and that any disputes shall be referred to and finally resolved by arbitration under the LCIA Rules. An arbitration award rendered in London, in favour of the Certificateholders should be enforceable against APICORP in the courts of those Relevant Jurisdictions which are signatories to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**"). However, in practice, and notwithstanding the New York Convention, such awards may not be enforceable consistently under the laws of all of the Relevant Jurisdictions. APICORP has also agreed to submit to the jurisdiction of the courts of England (the "**English courts**") at the option of the Delegate, the Certificateholders, the Agents or the Trustee, as the case may be, in respect of any dispute under certain Transaction Documents. Notwithstanding that a judgment may be obtained in the English courts in favour of the Certificateholders, there is no assurance that APICORP has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. Under the laws of certain of the Relevant Jurisdictions (for example, under the laws of the Kingdom of Saudi Arabia) it is unlikely that the courts of such Relevant Jurisdictions would enforce an English court judgment without re-examining the merits of the claim and such courts may not observe the parties' choice of English law as the governing law of the relevant Transaction Document or the Certificates. In certain of the Relevant Jurisdictions, foreign law is required to be established as a question of fact and the interpretation of English law by the courts of such Relevant Jurisdictions may not accord with the interpretation of an English court. Additionally, in such Relevant Jurisdictions, the choice of foreign law is recognised if the courts of such Relevant Jurisdictions are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. Such courts are unlikely, however, to honour any provision of foreign law which is contrary to public policy, order or morals in such Relevant Jurisdiction, or to any mandatory law of, or applicable in, such Relevant Jurisdiction.

Accordingly, there is no guarantee that any arbitration award rendered in London or any judgment obtained in the English courts, in each case in favour of the Certificateholders, would be enforceable against APICORP in the courts of a Relevant Jurisdiction.

### ***Claims for specific enforcement***

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

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

### **Risks related to the market generally**

#### ***The secondary market generally***

Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.



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

The Trustee will pay the face amount and profit on the Certificates and APICORP will make any payments under the Transaction Documents in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Certificates; (b) the Investor's Currency equivalent value of the face amount payable on the Certificates; and (c) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Trustee or APICORP to make payments in respect of the Certificates. As a result, investors may receive less profit or amount in respect of the face amount of such Certificates than expected, or no such profit or face amount. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

### ***Risks relating to Fixed Rate Certificates***

Investment in Fixed Rate Certificates involves the risk that if market interest or profit rates subsequently increase above the rate paid on the Fixed Rate Certificates, this will adversely affect the value of the Fixed Rate Certificates.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank and the DFSA shall be incorporated by reference in, and form part of, this Base Prospectus. Non-incorporated parts are either not relevant for the investor or covered elsewhere in the Base Prospectus:

- (a) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the year ended 31 December 2018 ([http://www.apicorp.org/Financials/APICORP\\_FS\\_2018.pdf](http://www.apicorp.org/Financials/APICORP_FS_2018.pdf));
- (b) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the year ended 31 December 2017 ([http://www.apicorp-arabia.com/Financials/APICORP\\_FS\\_2017.pdf](http://www.apicorp-arabia.com/Financials/APICORP_FS_2017.pdf));
- (c) the Conditions of the Certificates contained in the Base Prospectus dated 6 June 2017, pages 43 to 79 (inclusive) ([https://www.ise.ie/debt\\_documents/Final%20Base%20Prospectus%2006.06.2017\\_ef9b4794-dd31-4a3e-96df-e1ba0ba959d2.PDF](https://www.ise.ie/debt_documents/Final%20Base%20Prospectus%2006.06.2017_ef9b4794-dd31-4a3e-96df-e1ba0ba959d2.PDF));
- (d) the Conditions of the Certificates contained in the Base Prospectus dated 21 June 2016, pages 42 to 78 (inclusive) ([https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_58459a79-2f1e-40fa-b68e-8b8f69d39857.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_58459a79-2f1e-40fa-b68e-8b8f69d39857.PDF)); and
- (e) the Conditions of the Certificates contained in the Base Prospectus dated 29 June 2015, pages 39 to 71 (inclusive) ([https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_e0c45836-59d7-4810-bb01-9adcb0d82bbd.PDF](https://www.ise.ie/debt_documents/Base%20Prospectus_e0c45836-59d7-4810-bb01-9adcb0d82bbd.PDF)).

The Group 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 Certificates, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

Following the publication of this Base Prospectus a supplement may be prepared by the Group and approved by the Central Bank and the DFSA in accordance with Article 16 of the Prospectus Directive and Article 14 of the DFSA's Markets Law 2012, respectively. 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.

Copies of the Financial Statements can be obtained on the website of APICORP at <http://www.apicorp-arabia.com/investor-relations/annual-reports>. Copies of the documents in specified in (c) – (e) above may be inspected, free of charge, during normal hours at the specified offices of the Principal Paying Agent. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in any Certificates should be based on a consideration of this Base Prospectus as a whole. 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 Certificates, is completed by the applicable Final Terms.*

The Trustee and APICORP may agree with any Dealer and the Delegate that Certificates may be issued in a form not contemplated by the Conditions herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "*Form of the Certificates*" and "*Terms and Conditions of the Certificates*" shall have the same meanings in this overview.

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

Issuer, Trustee and Purchaser:	APICORP Sukuk Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands. APICORP Sukuk Limited has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party.
Trustee's Legal Entity Identifier:	549300ULCH8IWYBS5X93
Obligor, Seller, Buyer and Wakeel:	Arab Petroleum Investments Corporation.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 shares with a nominal value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.
Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the " <b>Trustee Administrator</b> "), who provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to a Corporate Services Agreement dated 18 June 2015 between the Trustee and the Trustee Administrator (the " <b>Corporate Services Agreement</b> ").
Risk Factors:	There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme and APICORP's ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme. These are set out under " <i>Risk Factors</i> ".
Arrangers:	Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, J.P. Morgan Securities plc and Standard Chartered Bank.
Dealers:	Arab Banking Corporation (B.S.C.) Crédit Agricole Corporate and Investment Bank Emirates NBD Bank PJSC First Abu Dhabi Bank PJSC Gulf International Bank B.S.C.

HSBC Bank plc  
J.P. Morgan Securities plc  
NCB Capital  
Noor Bank PJSC  
Standard Chartered Bank

and any other Dealers appointed from time to time in accordance with the Programme Agreement.

- Delegate: BNY Mellon Corporate Trustee Services Limited.
- Principal Paying Agent: The Bank of New York Mellon, London Branch.
- Registrar: The Bank of New York Mellon SA/NV, Luxembourg Branch.
- Method of Issue: Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will 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 periodic distribution amounts thereon and the date from which periodic distribution amounts start to accrue.
- Status of the Certificates: The Certificates represent an undivided beneficial ownership interest in the relevant Trust Assets (as defined below) and are direct, unsubordinated, unsecured and limited recourse obligations of the Trustee. Each Certificate shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application, at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series. The payment obligations of APICORP (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of APICORP, present and future.
- In respect of each Series, the Trustee shall hold the relevant Trust Assets for such Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder of the relevant Series of Certificates. The "**Trust Assets**" of the relevant Series will comprise: (i) the rights, title, interests, benefits and entitlements, present and future of the Trustee in, to and under the Sukuk Assets from time to time (excluding any representations given by APICORP to the Trustee and/or the Delegate under any of the Transaction Documents); (ii) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by APICORP to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 17.1 of the Master Trust Deed); (iii) all moneys standing to the credit of the Transaction Account from time to time; and (iv) all proceeds of the foregoing.
- Limited Recourse: The Certificates represent limited recourse obligations of the Trustee.
- No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds are available therefor from the relevant Trust Assets. Certificateholders will otherwise have no recourse to any assets of the Trustee or APICORP in respect of any shortfall in the expected amounts due under the relevant Trust Assets

to the extent that the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. See Condition 4.2 (*Limited Recourse*).

- Negative Pledge: The Certificates will have the benefit of a negative pledge granted by APICORP, as described in Condition 6.2 (*Negative Pledge*).
- Issue Price: The Certificates may be issued on a fully-paid basis and at an issue price as specified in the applicable Final Terms.
- Scheduled Dissolution: Unless the Certificates are previously redeemed or purchased and cancelled in full, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms.
- Dissolution Events: Upon the occurrence of any Dissolution Event and following delivery of a Dissolution Notice in accordance with Condition 12 (*Dissolution Events*), the Certificates shall be redeemed in full at the Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Dissolution Event Redemption Date. See Condition 12 (*Dissolution Events*).
- Early Dissolution for Taxation Reasons: Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10 (*Taxation*) or APICORP has or will become obliged to pay any additional amounts pursuant to a Transaction Document, in each case as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdictions (as defined in the Conditions) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series of Certificates, and such obligation cannot be avoided by the Trustee or APICORP (as the case may be) taking reasonable measures available to it, the Trustee shall, following receipt of a duly completed Exercise Notice from APICORP pursuant to the Sale Undertaking and on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) notice to Certificateholders (which notice shall be irrevocable), redeem the Certificates in whole but not in part at an amount equal to the relevant Dissolution Distribution Amount on the Early Tax Dissolution Date subject to and in accordance with Condition 8.2 (*Early Dissolution for Taxation Reasons*), and if the Certificates to be redeemed are Floating Rate Certificates, the Early Tax Dissolution Date must be a Periodic Distribution Date.
- Dissolution at the Option of APICORP (Optional Dissolution Rights): If so specified in the applicable Final Terms, APICORP may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) irrevocable notice to the Certificateholders redeem all or, if so provided, some of the Certificates on any Optional Dissolution Date subject to and in accordance with Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*). Any such redemption of Certificates shall be at their Dissolution Distribution Amount.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Tranche.

Dissolution at the Option of Certificateholders (Certificateholder Put Right): If so specified in the applicable Final Terms, the Trustee shall, at the option of the Holder of any Certificates, upon the Holder of such Certificates giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Final Terms) notice to the Trustee, redeem such Certificates on the Certificateholder Put Right Date at its Dissolution Distribution Amount subject to and in accordance with Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Dissolution Right)*).

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Tranche.

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

Certain Restrictions: Each Tranche denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*").

#### **Certificates having a maturity of less than one year**

Certificates 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 if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency), see "*Subscription and Sale*".

Programme Size: Up to U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Trustee and APICORP may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Purchase and Cancellation: Pursuant to Condition 8.6 (*Purchases*), each of APICORP and APICORP's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price and such Certificates may be held, resold or, at the option of APICORP, surrendered to the Registrar for cancellation. Pursuant to Condition 8.7 (*Cancellation*), Certificates purchased by or on behalf of APICORP or any of APICORP's Subsidiaries may be surrendered for cancellation in accordance with the terms of the Transaction Documents and the Conditions. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged.

Wakala Asset Substitution: APICORP may substitute Wakala Assets in accordance with the relevant provisions of the Sale Undertaking, and the Trustee may substitute Wakala Assets in accordance with the relevant provisions of the Purchase Undertaking, in each case provided that the aggregate

value of any new assets is equal to or greater than the aggregate value of the substituted assets and any new assets are Eligible Wakala Assets.

- Trustee Covenants: The Trustee has agreed to certain restrictive covenants as set out in Condition 6.1 (*Trustee Covenants*).
- Withholding tax: All payments by or on behalf of the Trustee in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments, fees or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders of such amount as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in Condition 10 (*Taxation*).
- APICORP has undertaken in the Wakala Agreement to pay to the Trustee such additional amounts so that the full amount that would otherwise have been due and payable under the Certificates is received by the Trustee. All payments by APICORP (in any capacity) under the Purchase Undertaking, the Sale Undertaking, the Wakala Agreement and the Master Murabaha Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or within the Relevant Jurisdictions or any authority therein or thereof having power to tax unless such withholding or deduction is required by law. In that event, APICORP has agreed to pay such additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.
- Transaction Documents: The Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement, the Sale Undertaking (together with each relevant sale agreement executed upon exercise of the Sale Undertaking), the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking), the Wakala Agreement and, if applicable to a Series, the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series), the Commodity Agency Agreement, the Commodity Sale Agreement, the Settlement Deed and the Commodity Purchase Agreement (each a "**Transaction Document**" and, together, the "**Transaction Documents**").
- Distribution: Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
- Currencies: Subject to any applicable legal or regulatory restrictions, any currency agreed between the Trustee, APICORP and the relevant Dealer.
- Denominations of Certificates: The Certificates will be issued in such denominations as may be agreed between the Trustee and the relevant Dealer save that the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions*" above), and save that the minimum denomination of each Certificate admitted to trading on

a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency).

Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, APICORP 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 Trustee or the relevant Specified Currency.
Issue Price:	Certificates may be issued on a fully-paid basis and at an issue price as specified in the applicable Final Terms.
Form of Certificates:	The Certificates will be issued in registered form as described in " <i>Form of the Certificates</i> ".
Clearance and Settlement:	Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg (or any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Trustee and APICORP). Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of such clearing systems.
Ratings:	<p>APICORP has a long-term rating of Aa3 (positive) from Moody's and the Programme has a rating of (P)Aa3 from Moody's. Certificates issued under the Programme may be rated or unrated.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.</p>
Listing and Admission to Trading:	<p>This Base Prospectus, as approved by the Central Bank, in accordance with the requirements of the Prospective Directive, comprises a Base Prospectus for the purposes of the Prospectus Directive, and for the purpose of giving information with regard to the issue of Certificates issued under the Programme, during the period of 12 months after the date hereof. Application has been made to Euronext Dublin for such Certificates to be admitted to the Official List and to trading on the Euronext Dublin's regulated market.</p> <p>Application has also been made to the DFSA for the Certificates issued under the Programme to be admitted to the DFSA Official List. An application may be made for any Series to be admitted to trading on Nasdaq Dubai.</p> <p>Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, APICORP and the relevant Dealer in relation to the relevant Tranche. Certificates which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>

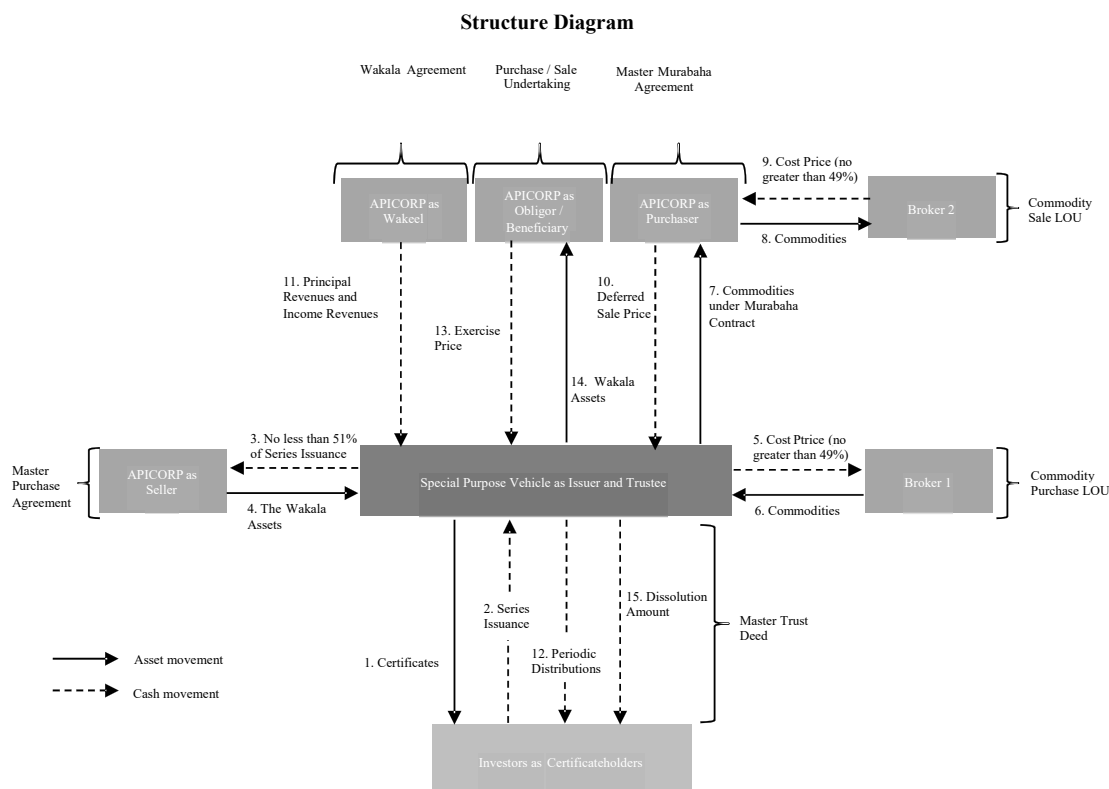


Governing Law and Dispute Resolution:	Each Transaction Document, the Certificates and any non-contractual obligations arising out of or in connection with the same are governed by, and shall be construed in accordance with, English law. In respect of any dispute under any such Transaction Document to which it is a party or the Certificates, the parties have consented to arbitration under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England (which shall have exclusive jurisdiction to settle any dispute arising from such documents).
Waiver of Immunity:	Under the Transaction Documents to which it is a party, to the extent that APICORP has, or hereafter may (whether on the grounds of sovereignty or otherwise), acquire any immunity from any proceedings or from execution of judgment, APICORP has agreed that no such immunity shall be claimed by or on behalf of it or with respect to its assets, and APICORP has consented generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with any such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such proceedings.
Selling Restrictions:	There are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the European Economic Area, the United Kingdom, the Kingdom of Bahrain, the Cayman Islands, the United Arab Emirates (excluding the Dubai International Financial Centre (the " <b>DIFC</b> ")), the DIFC, Japan, Singapore, Hong Kong, Malaysia, the Kingdom of Saudi Arabia, the State of Qatar, the Sultanate of Oman and the PRC and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Certificates. See " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	Regulation S, Category 2.

## STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

### Structure Diagram



### Payments by the Certificateholders and the Trustee

On the issue date of a Tranche (the "**Issue Date**"), the Certificateholders will pay the issue price in respect of the Certificates (the "**Issue Price**") to the Trustee.

The Trustee will use the Issue Price of each Series as follows:

- an amount as specified in the applicable Final Terms (the "**Murabaha Investment Amount**"), will be used to purchase certain *Shari'a*-compliant commodities (the "**Commodities**") through the Commodity Agent and the Trustee will sell such Commodities to APICORP (in its capacity as buyer, the "**Buyer**") on a deferred payment basis for a sale price specified in a letter of offer and acceptance (the "**Deferred Sale Price**") pursuant to a murabaha contract (the "**Murabaha Contract**") (such sale of *Shari'a*-compliant commodities by the Trustee to APICORP and all of the Trustee's rights and entitlements against APICORP (in its capacity as buyer) in connection therewith being the "**Commodity Murabaha Investment**"); and
- the remaining portion of the Issue Price, as specified in the applicable Final Terms (the "**Purchase Price**"), will be used to purchase and accept the transfer and conveyance from APICORP (in its capacity as seller, the "**Seller**") of the Seller's rights, title, interests, benefits and entitlements, present and future, in, to and under certain Eligible Wakala Assets specified in the relevant Supplemental Purchase Agreement (the "**Initial Wakala Assets**") **provided always that:**
  - at least 51 per cent. of the Issue Price shall be used to acquire Tangible Assets;
  - at least 26 per cent. of the Issue Price shall be used to acquire Ijara Assets and/or Tangible Sukuk; and

- (iii) no more than 49 per cent. of the Issue Price shall be used to acquire Intangible Assets and/or Commodities in connection with a Commodity Murabaha Investment.

The:

- (a) Initial Wakala Assets (as may be substituted from time to time) and any additional Eligible Wakala Assets acquired from time to time in accordance with the Transaction Documents, all revenues from them which comprise amounts in the nature of sale, capital or principal payments (including, without limitation, any total loss and expropriation related insurance proceeds and any indemnity payments) and including any amounts payable by the Wakeel under certain provisions of the Wakala Agreement and any amounts in respect of an Impaired Wakala Asset Exercise Price (as defined in the summary of the Principal Transaction Documents) (the "**Principal Revenues**") and any investment deposit made with any *Shari'a*-compliant financial institution (the "**Shari'a-Compliant Investments**") in accordance with the Wakala Agreement (together, the "**Wakala Assets**"); and
- (b) (if applicable) the Commodity Murabaha Investment, shall together constitute the assets of the Certificates in respect of the relevant Series (the "**Sukuk Assets**").

The Trustee has, pursuant to the terms of the Wakala Agreement, appointed APICORP as its agent (in such capacity the "**Wakeel**") to perform certain services set out in the Wakala Agreement (the "**Wakala Services**") in respect of the Wakala Assets of each Series.

### **Periodic Distribution Payments**

The Wakeel will record: (i) all Principal Revenues from the Wakala Assets of each Series in a book-entry ledger account (the "**Principal Collection Account**"); and (ii) all revenues from the Wakala Assets of each Series that are not Principal Revenues and payments of the Murabaha Profit component of the Deferred Sale Price under the Murabaha Contract under the Commodity Murabaha Investment (the "**Income Revenues**") in a book-entry ledger account (the "**Income Collection Account**"). On the business day prior to each Periodic Distribution Date, the Wakeel shall use amounts standing to the credit of the Income Collection Account to pay to the Transaction Account an amount which is intended to be sufficient to fund the Periodic Distribution Amount payable by the Trustee under the Certificates of the relevant Series on the Periodic Distribution Date falling one business day after such date (the "**Required Amount**") and any such amount paid into the Transaction Account shall be applied by the Trustee for that purpose.

If on the business day prior to a Periodic Distribution Date the amounts standing to the credit of the Income Collection Account are greater than the relevant Required Amount, such excess returns shall, after payment of any claims, losses, costs and expenses properly incurred or suffered by the Wakeel or other payments made by the Wakeel on behalf of the Trustee (the "**Wakeel Liabilities Amount**") in providing the Wakala Services and repayment of any Liquidity Facility (as defined below), be credited by the Wakeel to a separate book-entry ledger account (such account, the "**Reserve Account**").

If on the business day prior to a Periodic Distribution Date the amounts standing to the credit of the Income Collection Account are less than the relevant Required Amount, the Wakeel shall deduct amounts standing to the credit of the Reserve Account towards funding such shortfall and, if such amounts standing to the credit of the Reserve Account are insufficient for such purpose, the Wakeel may provide to the Trustee *Shari'a*-compliant funding in an amount equal to the remaining shortfall (a "**Liquidity Facility**").

### **Distribution Payments**

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the outstanding Deferred Sale Price shall be due and payable; and
- (b) the Trustee will have the right under the Purchase Undertaking to require APICORP to purchase all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets in consideration for payment by APICORP of the Exercise Price.

The outstanding Deferred Sale Price payable by APICORP under the Master Murabaha Agreement and the Exercise Price payable by APICORP under the Purchase Undertaking, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

The Certificates in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) redemption following a Dissolution Event; and
- (b) an early redemption for taxation reasons.

In each case, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

The Certificates in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) if so specified in the applicable Final Terms, at the option of the Certificateholders; and
- (b) if so specified in the applicable Final Terms, at the option of APICORP.

Upon the exercise of such right, the Trustee shall redeem the relevant Certificates for an amount equal to the sum of the face amounts of such Certificates and the Periodic Distribution Amounts on such Certificates (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the applicable Final Terms. Such redemption of the Certificates will be funded in a similar manner to that described above for the payment of Periodic Distribution Amounts and the Dissolution Distribution Amount through: (i) a proportionate amount of the outstanding Deferred Sale Price becoming immediately due and payable; and (ii) the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportionate amount of the Wakala Assets being sold by the Trustee to APICORP pursuant to the Purchase Undertaking or the Sale Undertaking at a purchase price such that the aggregate amounts received by the Trustee are sufficient to pay the amount payable in respect of the Certificates being redeemed.

Following the redemption of the Certificates in full, the Wakeel shall be entitled to retain any amounts standing to the credit of the Reserve Account for its own account as an incentive fee for acting as Wakeel.

## FORM OF THE CERTIFICATES

The Certificates of each Tranche will be in registered form. Certificates will be offered and sold outside the United States to persons who are not U.S. persons (as defined in Regulation S of the Securities Act ("**Regulation S**")) in reliance on Regulation S.

Each Tranche will initially be represented by a global certificate in registered form (a "**Global Certificate**"). Each Global Certificate will represent undivided ownership interests in the relevant Trust Assets. Global Certificates will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depository. Persons holding ownership interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Certificates (as defined in the Conditions) in fully registered form.

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

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in the Conditions) in the manner provided in the Conditions.

Payments of the applicable Dissolution Distribution Amount, Periodic Distribution Amounts or any other amount in respect of the Global Certificate will be made to the persons shown on the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 16 (*Meetings of Certificateholders, Modification and Waiver*) if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that: (i) a Dissolution Event (as defined in the Conditions) has occurred and is continuing; or (ii) the Trustee has been notified that Euroclear or Clearstream, Luxembourg has 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.

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

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

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Certificates*"), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

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

The Trustee and APICORP may agree with any Dealer and the Delegate that Certificates may be issued in a form not contemplated by the Conditions herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

## FORM OF FINAL TERMS

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

**[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 Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (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 Certificates (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 (the "SFA") -** *[Notice to be included if classification of the Certificates is not "prescribed capital markets products", pursuant to Section 309B of the SFA].*

Final Terms dated [•]

### APICORP Sukuk Limited

**Issue of [Aggregate Face Amount of Tranche] [Title of Certificates]  
under the  
U.S.\$3,000,000,000  
Certificate Issuance Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 9 May 2019 [and the Supplement to the Base Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Certificates described herein [for the purposes of Article 5.4 of the Prospectus Directive]\* and must be read in conjunction with the Base Prospectus. Full information on the Trustee, APICORP and the offer of the Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms]\*\* [is/are] available for viewing on the website of the Central Bank of Ireland ([www.centralbank.ie](http://www.centralbank.ie)), the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>) and during normal business hours at the registered office of the Trustee at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and at the registered office of APICORP at Dubai International Financial Centre, Gate Village 7, 6th Floor, P.O. Box 333888, Dubai, United Arab Emirates.

In these Final Terms, the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended or superseded, provided, however, that all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC, as amended or superseded, and include any relevant implementing measure in the relevant Member State.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

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

1. Issuer, Trustee and Purchaser: APICORP Sukuk Limited
2. Seller, Obligor, Buyer and Wakeel: Arab Petroleum Investments Corporation ("**APICORP**")

\* *To be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of Euronext Dublin or another regulated market for the purposes of the Prospectus Directive.*

\*\* *To be included only if the Certificates are to be admitted to listing on the official list, and to trading on the regulated market, of the Euronext Dublin.*

3. (a) Series Number: [•]  
 (b) Tranche Number: [•]  
 (c) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [the Issue Date/the date that is 40 days after the Issue Date] [Not Applicable]
4. Specified Currency or Currencies: [•]
5. Aggregate Face Amount:  
 (a) Series: [•]  
 (b) Tranche: [•]
6. (i) Issue Price: [100] per cent. of the Aggregate Face Amount  
 (ii) Murabaha Investment Amount: [[•] per cent.]/[Not Applicable]  
 (iii) Murabaha Profit: [•]/[Not Applicable]  
 (iv) Purchase Price for Initial Wakala Assets: [•]
7. (a) Specified Denominations: [•]  
*(this means the minimum integral face amount in which transfers can be made)* *(N.B. If an issue of Certificates is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive (Directive 2003/71/EC), the EUR 100,000 minimum denomination is not required.)*  
 (b) Calculation Amount: [•]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
8. (a) Issue Date: [•]  
 (b) Profit Commencement Date: [•]/[Issue Date][Not Applicable]  
 [(c) Profit Period Dates: [Each Periodic Distribution Date]/ [•]]
9. Scheduled Dissolution Date: [•]  
*(Specify date or (for Floating Rate Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.)*
10. Periodic Distribution Amount Basis: [[•] per cent. Fixed Periodic Distribution Amount]  
 [[LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/ HIBOR/CNH  
 HIBOR/TRLIBOR/  
 TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/JPY  
 LIBOR/PRIBOR] +/- [•] per cent. per annum Floating Periodic  
 Distribution Amount] *(further particulars specified in paragraph [15/16] below)*



11. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed at [100]/[•] per cent. of their aggregate face amount
12. Change of Periodic Distribution Basis: [•]  
*(Specify details of any provision for convertibility of Certificates into another periodic distribution basis)*
13. Put/Call Options: [Not Applicable]  
[Certificateholder Put Right]  
[Optional Dissolution Right]  
[further particulars specified in paragraph [17/18/19] below]
14. (a) Status: Unsubordinated
- (b) [Date [Board] approval for issuance of Certificates [and entry into the related Transaction Documents] obtained: [•] [and [•], respectively]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Certificates or related Transaction Documents)*

#### PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

15. Fixed Rate Certificate Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Profit Rate(s): [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (b) Periodic Distribution Date(s): [[•] in each year up to and including the Maturity Date]/[adjusted in accordance with the Modified Following Business Day Convention]  
*(Insert modification wording for Renminbi denominated fixed rate Certificates, which are subject to the Modified Following Business Day Convention)*  
*(NB: This will need to be amended in the case of long or short return accumulation periods)*
- (c) Fixed Amount(s): [[•] per Calculation Amount]  
*(Insert the following alternative wording if Certificates are issued in Renminbi)*  
[Each Fixed Amount is calculated by multiplying the product of the Profit Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY 0.01, with CNY 0.005 being rounded upwards.]
- (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]][Not Applicable]  
*(Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 15(c))*
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] *(Insert [Actual/365 (Fixed)] for Renminbi denominated fixed rate Certificates)*

- (f) Profit Rate Determination Date(s):  in each year  [Not Applicable]
- (Only relevant where Day Count Fraction is Actual/ Actual (ICMA). In such a case, insert regular Periodic Distribution Dates, ignoring issue date or maturity date in the case of Periodic Distribution Dates which are not in respect of periods of equal duration)*
- (g) Renminbi Settlement Centre: /[Not Applicable]
16. Floating Rate Certificate Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Return Accumulation Period: /[Not Applicable]
- (Return Accumulation Period and Specified Periodic Distribution Dates are alternatives. A Return Accumulation Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (b) Specified Period(s)/Specified Periodic Distribution Dates:  [,in each case] subject to adjustment in accordance with the Business Day Convention set out in (c) below/, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]
- (Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable")*
- (c) Business Day Convention: [Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment]
- (d) Additional Business Centre(s): [Not Applicable/give details]
- (e) Screen Rate Determination: [Applicable/Not Applicable]
- (i) Reference Rate:  month
- [LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/ HIBOR/CNH HIBOR/TRLIBOR/TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BB SW/JPY LIBOR/PRIBOR]
- (ii) Profit Rate Determination Date(s):
- (Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR and second Dubai business day prior to the start of each Return Accumulation Period if EIBOR)*
- (iii) Relevant Screen Page:
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fall-back provisions)*

*appropriately or, in the case of EIBOR, if not Reuters AEIBOR, ensure it is a page which shows a composite rate.)*

- (iv) Relevant Time: [•] (*For example, 11.00 a.m. London time / Brussels time*)
- (v) Renminbi Settlement Centre: [•]/[Not Applicable]
- (f) ISDA Determination: [Applicable/Not Applicable]
  - (i) Floating Rate Option: [•]
  - (ii) Designated Maturity: [•]
  - (iii) Reset Date: [•]
- (g) Linear Interpolation: [Not Applicable/Applicable – the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (*specify for each short or long return accumulation period*)]
- (h) Margin(s): [+/-][•] per cent. per annum
- (i) Minimum Profit Rate: [[•] per cent. per annum][Not Applicable]
- (j) Maximum Profit Rate: [[•] per cent. per annum][Not Applicable]
- (k) Day Count Fraction: [[Actual/Actual (ISDA)][Actual/Actual][Actual/365 (Fixed) (Sterling)][Actual/360][30/360][30E/360][30E/360 (ISDA)]]
- (l) Calculation Agent (party responsible for calculating the Profit Rate(s) and/or Periodic Distribution Amount(s)): [Principal Paying Agent]/[•]

**PROVISIONS RELATING TO DISSOLUTION**

- 17. Optional Dissolution Right: [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining sub paragraphs of this paragraph)*

  - (a) Dissolution Distribution Amount(s) of each Certificate: [Final Dissolution Amount] [[•] per Calculation Amount]
  - (b) Optional Dissolution Date(s): [Any Periodic Distribution Date]/ [•]
  - (c) If redeemable in part:
    - (i) Minimum Optional Dissolution Amount: [•]
    - (ii) Maximum Optional Dissolution Amount: [•]
  - (d) Notice period: Minimum Notice Period: [•] days  
Maximum Notice Period: [•] days

*(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or the Delegate)*

18. Certificateholder Put Right: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Certificateholder Put Right Date(s): [•]
- (b) Dissolution Distribution Amount(s) of each Certificate: [•] per Calculation Amount
- (c) Notice period: Minimum Notice Period: [•] days  
Maximum Notice Period: [•] days
- (N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or Delegate)*
19. Dissolution following a Tax Event:
- (a) Notice periods: Minimum Notice Period: [•] days  
Maximum Notice Period: [•] days
- (N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and/or APICORP and the Principal Paying Agent or Delegate)*
- (b) Tax Dissolution Amount: [•] per Calculation Amount
20. Dissolution Distribution Amount on Scheduled Dissolution Date: [•] per Calculation Amount
21. Dissolution Distribution Amount of each Certificate payable on redemption for taxation reasons or on event of default and/ or the method of calculating the same (if required or if different from that set out in the Conditions): [[•] per Calculation Amount/As set out in the Conditions]

**GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES**

22. Form of Certificates: Global Certificate exchangeable for Individual Certificates in definitive registered form in the limited circumstances specified in the Global Certificate

23. Additional Financial Centre(s) or [Not Applicable/give details]  
other special provisions relating to  
payment dates:

*(Note that this paragraph relates to the date of payment and not Return  
Accumulation Period end dates, to which sub-paragraph 16(c) relates)*

**PROVISIONS IN RESPECT OF THE TRUST ASSETS**

24. Details of Transaction Account: APICORP Sukuk Limited Transaction Account No: [•] with [•] for  
Series No.: [1/2/3 etc.]

25. Other Transaction Document  
Information:

(a) Supplemental Trust Deed: Supplemental Trust Deed dated [•] between the Trustee, APICORP and  
the Delegate

(b) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [•] between the Purchaser and  
APICORP

**SIGNED** on behalf of

**APICORP SUKUK LIMITED**

By: .....  
*Duly authorised*

**SIGNED** on behalf of

**ARAB PETROLEUM INVESTMENTS  
CORPORATION**

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(a) Listing and admission to trading: [Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market [and Nasdaq Dubai]/[•]] with effect from [•].]

[Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market [and Nasdaq Dubai]/[•]] with effect from [•].]

[The listing of Certificates on Nasdaq Dubai has not been approved by the Central Bank under the Prospectus Directive.]<sup>1</sup>

*(where documenting a fungible issue indicate that original Certificates are already admitted to trading)*

(b) Estimate of total expenses related to admission to trading: [Euronext Dublin: [•]]

[Nasdaq Dubai: [•]]

[[•]:[•]]

### 2. RATINGS

[[The Certificates to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Certificates of this type issued under the Programme generally]/[are unrated]]:

[Moody's: [•]]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Trustee and APICORP are aware, no person involved in the issue of the Certificates has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Trustee or APICORP or their affiliates in the ordinary course of business for which they may receive fees – *Amend as appropriate if there are other interests.*]

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

### 4. [PROFIT OR RETURN (Fixed Periodic Distribution Certificates only)

Indication of profit or return: [•]

The profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.]

### 5. HISTORIC RATES (Floating Rate Distribution Certificates only)

Details of historic [LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR/TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/JPY LIBOR/ PRIBOR] rates can be obtained from [Reuters].

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<sup>1</sup> Include for any Certificates listed on Nasdaq Dubai

6. **OPERATIONAL INFORMATION**

- (a) ISIN: [•]
- (b) Common Code: [•]
- (c) [FISN: [•]]
- (d) [CFI Code: [•]]
- (c) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (d) Delivery: Delivery [against/free of] payment
- (e) Names and addresses of additional Paying Agent(s) (if any): [•]

7. **DISTRIBUTION**

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/give names]
- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (e) U.S. Selling Restrictions: Regulation S, Category 2

## TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will apply to each Global Certificate and shall be applicable to the Certificates in definitive form (if any) issued in exchange for the Global Certificate representing each Series.

### 1. Introduction

- 1.1 **Programme:** APICORP Sukuk Limited (in its capacities as issuer and as trustee, the "**Trustee**") and Arab Petroleum Investments Corporation (in its capacity as obligor, "APICORP") have established a trust certificate issuance programme (the "**Programme**") for the issuance of certificates (the "**Certificates**") in a maximum aggregate face amount of U.S.\$3,000,000,000 (or the equivalent in other currencies calculated as described in the amended and restated programme agreement between the Trustee, APICORP and the Dealers (as defined and named therein) dated 9 May 2019 (the "**Programme Agreement**")), or such other maximum aggregate face amount as increased in accordance with the terms of the Programme Agreement.

As used herein, "**Tranche**" means Certificates which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Certificates together with any further Tranche or Tranches of Certificates 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 Periodic Distribution Amounts (as defined below) thereon and the date from which Periodic Distribution Amounts start to accrue.

- 1.2 **Final Terms:** Certificates issued under the Programme are issued in Series. Each Series is the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). Each Series may comprise one or more Tranches issued on different Issue Dates (as defined below). The terms and conditions applicable to any particular Series of Certificates are these Conditions as supplemented by the applicable Final Terms.
- 1.3 **Trust Deed:** The Certificates are constituted by an amended and restated master trust deed dated 9 May 2019 between the Trustee, APICORP, and BNY Mellon Corporate Trustee Services Limited in its capacity as donee of certain powers and as the Trustee's delegate (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under such master trust deed) (the "**Master Trust Deed**") as supplemented by a supplemental trust deed entered into on the date of issue of the relevant Certificates (the "**Issue Date**") in respect of the relevant Series (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**").
- 1.4 **Agency Agreement:** An amended and restated agency agreement (as amended or supplemented as at the relevant Issue Date, the "**Agency Agreement**") dated 9 May 2019 has been entered into in relation to the Programme between the Trustee, APICORP, the Delegate, The Bank of New York Mellon, London Branch as initial principal paying agent, paying agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent and the other agents named in it.
- 1.5 **Other Transaction Documents:** These Conditions are subject to the detailed provisions of the Trust Deed, the Agency Agreement and the other Transaction Documents (as defined below). The Certificateholders (as defined below) are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection, on prior notice, during normal business hours at the Specified Office of the Principal Paying Agent.
- 1.6 **Authorisation:** Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (i) to apply the proceeds of the issue of the Certificates towards the purchase of Eligible Wakala Assets (as defined below) and/or the entry into of a Commodity Murabaha Investment (in the proportions to be determined prior to the relevant Issue Date and otherwise in accordance with the provisions of the Transaction Documents); and (ii) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

### 2. Definitions and Interpretation

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



"**Additional Business Centre(s)**" means the city or cities specified as such in the applicable Final Terms;

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

"**Agents**" means the Principal Paying Agent, the other Paying Agents, the Calculation Agent(s), the Registrar(s) and the Transfer Agent(s) or any of them and shall include such Agent or Agents as may be appointed from time to time under the Agency Agreement;

"**APICORP Event**" means, with respect to any Series, any of the following events:

- (a) **Non-payment:** APICORP (acting in any capacity) fails to pay any amount in the nature of principal (corresponding to the Dissolution Distribution Amount payable by the Trustee under the Certificates) or profit (corresponding to the Periodic Distribution Amounts payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party on the due date for payment thereof and such failure has continued for a period of 90 days; or
- (b) **Breach of other obligations:** APICORP (acting in any capacity) defaults in the performance or observance of its obligations under clause 5.1 of the Purchase Undertaking and such default remains unremedied for 90 days; or
- (c) **Cross-default:** APICORP fails to pay any Indebtedness or Sukuk Obligation when due or (as the case may be) within any originally applicable grace period and provided that: (i) the amount of such Indebtedness or Sukuk Obligation, individually or in the aggregate, exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies); and (ii) such failure has continued for a period of 90 days;

"**Broken Amount**" has the meaning given in the applicable Final Terms;

"**Business Day**" means:

- (a) in relation to any sum payable in Renminbi, any day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments generally in the relevant Renminbi Settlement Centre;
- (b) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (c) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**" has the meaning given to it in Condition 7.6 (*Business Day Convention*);

"**Calculation Agent**" means, in relation to any Series of Certificates, the institution appointed as calculation agent for the purposes of such Certificates and named as such in the applicable Final Terms, in the case of the Principal Paying Agent pursuant to the Agency Agreement, in the case of a Dealer, pursuant to the Programme Agreement and, in the case of any other institution pursuant to a letter of appointment in, or substantially in, the form set out in Schedule 4 of the Agency Agreement and, in any case, any successor to such institution in its capacity as such;

"**Calculation Amount**" has the meaning given in the applicable Final Terms;

"**Cancellation Notice**" means a cancellation notice given pursuant to the terms of the Sale Undertaking;

"**Certificateholder**" has the meaning given in Condition 3.2 (*Title to Certificates*);

"**Certificateholder Put Exercise Notice**" has the meaning given to it in Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);

"**Certificateholder Put Right**" means the right specified in Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);

**"Certificateholder Put Right Date"** means, in relation to any exercise of the Certificateholder Put Right, the date(s) specified as such in the applicable Final Terms and which must (if this Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

**"Clearstream, Luxembourg"** means Clearstream Banking S.A.;

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

**"Commodities"** means any of the commodities traded over the counter, which comprise any *Shari'a* compliant London Metal Exchange approved non-ferrous base metals, platinum group metals, or other *Shari'a* compliant commodities acceptable to APICORP and the Trustee, which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults;

**"Commodity Agency Agreement"** means the agency agreement dated 29 June 2015 between the Trustee and Standard Chartered Bank as amended by a deed of amendment dated 9 May 2019;

**"Commodity Murabaha Investment"** means, in relation to a Series, the sale of certain Commodities by the Trustee to APICORP (in its capacity as the Buyer (as defined in the Master Murabaha Agreement)), which Commodities were initially purchased by the Trustee using the Murabaha Investment Amount specified in the applicable Final Terms pursuant to the Master Murabaha Agreement;

**"Commodity Purchase Agreement"** means the commodity purchase agreement dated 29 June 2015 between Standard Chartered Bank and DD & Co Limited as amended by a deed of amendment dated 9 May 2019;

**"Commodity Sale Agreement"** means the commodity sale agreement dated 29 June 2015 between APICORP and Condor Trade Limited as amended by a deed of amendment dated 9 May 2019;

**"Corporate Services Agreement"** means the corporate services agreement dated 18 June 2015 between the Trustee and the Trustee Administrator;

**"Day Count Fraction"** means, in respect of the calculation of an amount of profit on any Certificates for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Return Accumulation Period, the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

(a) if **"Actual/Actual (ICMA)"** is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and

(ii) where the Calculation Period is longer than one Determination Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year,

where:

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**"Determination Date"** means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Periodic Distribution Date(s);

(b) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B)

the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, the number of days in the Calculation 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (f) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (g) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February; or (B) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Scheduled Dissolution Date or (B) such number would be 31, in which case D2 will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Deferred Sale Price**" means the deferred sale price payable by APICORP to the Trustee in respect of the Commodity Murabaha Investment, if applicable to a Series as further described in the Master Murabaha Agreement;

"**Delegation**" has the meaning given to it in Condition 17.1 (*Delegation of Powers*);

"**Designated Maturity**" means the period of time specified as such in the applicable Final Terms;

"**Dissolution Date**" means, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;
- (d) any Certificateholder Put Right Date; or
- (e) any Dissolution Event Redemption Date.

"**Dissolution Distribution Amount**" means, in relation to a particular Series:

- (a) the sum of:
  - (i) the outstanding face amount of such Series; and
  - (ii) any due and unpaid Periodic Distribution Amounts for such Series; or
- (b) such other amount specified in the applicable Final Terms as being payable upon any Dissolution Date;

"**Dissolution Event**" means a Trustee Event or an APICORP Event;

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 12.1 (*Dissolution Event*);

"**Dissolution Notice**" has the meaning given to it in Condition 12.1 (*Dissolution Event*);

"**Early Tax Dissolution Date**" has the meaning given to it in Condition 8.2 (*Early Dissolution for Taxation Reasons*);

"**Eligible Wakala Assets**" has the meaning given to it in the Master Purchase Agreement;

"**Euroclear**" means Euroclear Bank SA/NV;

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

**"Expected Income Revenues Amount"** has the meaning given to it in the Wakala Agreement;

**"Extraordinary Resolution"** has the meaning given to it in the Trust Deed;

**"Fixed Amount"** means the amount specified as such in the applicable Final Terms;

**"Fixed Rate Certificates"** means a Series in respect of which Fixed Rate Certificate Provisions are specified as applicable in the applicable Final Terms;

**"Floating Rate Certificates"** means a Series in respect of which Floating Rate Certificate Provisions are specified as applicable in the applicable Final Terms;

**"Global Certificate"** means a certificate in global form representing Certificates of the same Series that are registered in the name of a nominee for a common depository for Euroclear and/or Clearstream, Luxembourg;

**"Holder"** has the meaning given in Condition 3.2 (*Title to Certificates*);

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Individual Certificate"** means a certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Master Trust Deed in exchange for a Global Certificate;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the Certificates of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.) unless otherwise specified in the applicable Final Terms;

**"Liability"** means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation in respect of taxes) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to **"Liabilities"** shall mean all of these;

**"Linear Interpolation Designated Maturity"** means the period of time designated in the relevant Reference Rate;

**"Local Banking Day"** means a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Principal Paying Agent has its Specified Office;

**"Margin"** has the meaning given in the applicable Final Terms;

**"Master Murabaha Agreement"** means the amended and restated master murabaha agreement dated 9 May 2019 and made between the Trustee and APICORP (as buyer);

**"Master Purchase Agreement"** means the amended and restated master purchase agreement dated 9 May 2019 between the Trustee (as purchaser) and APICORP (as seller);

**"Maximum Notice Period"** has the meaning given in the applicable Final Terms;

**"Maximum Optional Dissolution Amount"** means the amount specified as such in the applicable Final Terms;

**"Minimum Notice Period"** has the meaning given in the applicable Final Terms;

**"Minimum Optional Dissolution Amount"** means the amount specified as such in the applicable Final Terms;

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

**"Optional Dissolution Date"** means, in relation to any exercise of the Optional Dissolution Right, the date(s) specified as such in the applicable Final Terms and which must (if this Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

**"Optional Dissolution Right"** means the right specified in Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*);

**"outstanding"** shall have the meaning given to it in the Trust Deed;

**"Paying Agents"** means the Principal Paying Agent and such further or other paying agent or agents as may be appointed from time to time under the Agency Agreement;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is: (i) a TARGET Settlement Day; and (ii) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies (including, in the case of Certificates denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Periodic Distribution Amount"** has the applicable meanings given to it in Condition 7 (*Periodic Distribution Amounts*);

**"Periodic Distribution Date"** means the date or dates specified as such in the applicable Final Terms;

**"Permitted Security Interest"** means:

- (a) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of Certificates;
- (b) any Security Interest securing Relevant Indebtedness of a person existing at the time such person is merged into, or consolidated with, APICORP, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of APICORP;
- (c) any Security Interest existing on any property or assets prior to the acquisition thereof by APICORP not created in contemplation of such acquisition; or
- (d) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (b) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

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

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

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Economic Area as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (c) in relation to Renminbi, it means the relevant Renminbi Settlement Centre;

**"Principal Paying Agent"** means The Bank of New York Mellon, London Branch or any successor appointed as principal paying agent under the Programme pursuant to the Agency Agreement in respect of each Series of Certificates in its capacities: as (i) principal paying agent for such Series; and (ii) as the account bank with which the Transaction Account for each such Series is established;

**"Proceedings"** has the meaning given to it in Condition 21.4 (*Rights of the Delegate and the Certificateholders to take proceedings outside England*);

**"Profit Commencement Date"** means the Issue Date or such other date as may be specified in the applicable Final Terms;

**"Profit Period Date"** means each Periodic Distribution Date unless otherwise specified in the applicable Final Terms;

**"Profit Rate"** means the profit rate payable from time to time in respect of the Certificates and that is either specified in the applicable Final Terms or calculated or determined in accordance with the provisions hereof;

**"Profit Rate Determination Date"** means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Return Accumulation Period if the Specified Currency is Sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Return Accumulation Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period if the Specified Currency is euro;

**"Purchase Undertaking"** means the amended and restated purchase undertaking dated 9 May 2019 and granted by APICORP for the benefit of the Trustee and the Delegate;

**"Record Date"** has the meaning given to it in Condition 9.4 (*Record Date*);

**"Reference Banks"** has the meaning given in the applicable Final Terms or, if none, four major banks selected by the Trustee and APICORP, as the case may be, in the market that is most closely connected with the Reference Rate;

**"Reference Rate"** means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- (a) Euro-Zone interbank offered rate ("**EURIBOR**");
- (b) London interbank bid rate ("**LIBID**");
- (c) London interbank offered rate ("**LIBOR**");
- (d) London interbank mean rate ("**LIMEAN**");
- (e) Shanghai interbank offered rate ("**SHIBOR**");
- (f) Hong Kong interbank offered rate ("**HIBOR**");
- (g) Singapore interbank offered rate ("**SIBOR**");
- (h) Emirates interbank offered rate ("**EIBOR**");

- (i) Saudi Arabia interbank offered rate ("**SAIBOR**");
- (j) Australia Bank Bill Swap ("**BBSW**");
- (k) Japanese Yen LIBOR ("**JPY LIBOR**");
- (l) Prague interbank offered rate ("**PRIBOR**");
- (m) CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- (n) Turkish Lira interbank offered rate ("**TRLIBOR**" or "**TRYLIBOR**"); and
- (o) Tokyo interbank offered rate ("**TIBOR**")

"**Register**" has the meaning given to it in Condition 3.3 (*Ownership*);

"**Registered Office Agreement**" means the registered office agreement dated 11 May 2015 between the Trustee and the Trustee Administrator;

"**Registrar**" means, in respect of each Series of Certificates, The Bank of New York Mellon SA/NV, Luxembourg Branch or any successor thereto in each case as registrar under the Agency Agreement (or such other registrar as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series);

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Certificateholders;

"**Relevant Indebtedness**" means any Indebtedness, other than Indebtedness incurred in connection with a Non-Recourse Project Financing or Securitisation, which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Jurisdictions**" means each of the Cayman Islands, Saudi Arabia, Kuwait, the United Arab Emirates, Libya, Iraq, Qatar, Algeria, Bahrain, Egypt and Syria;

"**Relevant Powers**" has the meaning given to it in Condition 17.1 (*Delegation of Powers*);

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

"**Relevant Time**" has the meaning given in the applicable Final Terms;

"**Renminbi**" means the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan);

"**Renminbi Settlement Centre**" means, in relation to any sum payable in Renminbi, Hong Kong, Singapore and/or any other relevant financial centre, as specified in the applicable Final Terms;

"**Reserved Matter**" has the meaning given to it in Condition 16.1 (*Meetings of Certificateholders*);

"**Return Accumulation Period**" means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

"**Sale Undertaking**" means the amended and restated sale undertaking dated 9 May 2019 and granted by the Trustee for the benefit of APICORP;

"**Scheduled Dissolution Date**" means the date specified as such in the applicable Final Terms;



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

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

"**Settlement Deed**" means the settlement deed dated 29 June 2015 between the Trustee, APICORP, Standard Chartered Bank, DD & Co Limited and Condor Trade Limited as amended by a deed of amendment dated 9 May 2019;

"**Specified Currency**" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Certificates are denominated;

"**Specified Denominations**" means the amount(s) specified as such in the applicable Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"): (a) whose affairs and policies the first Person controls or has the power to control, whether this be through ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated as a subsidiary with those of the first Person;

"**Sukuk Assets**" means the Wakala Assets and the Commodity Murabaha Investment (if any) in respect of a Series;

"**Sukuk Obligation**" means any undertaking or other obligation to pay any money given in connection with any issue of certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Supplemental Purchase Agreement**" means the supplemental purchase agreement to be dated the Issue Date of the relevant Series between the Trustee and APICORP for the purchase of certain Eligible Wakala Assets;

"**TARGET Business Day**" means a day on which TARGET2 is operating;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto;

"**Transaction Account**" means, in relation to a particular Series, the non-interest bearing transaction account established in the name of the Trustee and operated by the Principal Paying Agent denominated in the Specified Currency and maintained in London, details of which are set out in the applicable Final Terms into which, among other things, APICORP will deposit all amounts due to the Trustee under the Transaction Documents;

"**Transaction Documents**" means, in relation to each Series:

- (a) the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed;
- (b) the Agency Agreement;
- (c) the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement;
- (d) the Sale Undertaking (together with each relevant sale agreement executed upon exercise of the Sale Undertaking);
- (e) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);

- (f) the Wakala Agreement;
- (g) if applicable to a Series, the Master Murabaha Agreement

(together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series);

- (h) if applicable to a Series, the Commodity Agency Agreement;
- (i) if applicable to a Series, the Commodity Sale Agreement;
- (j) if applicable to a Series, the Commodity Purchase Agreement; and
- (k) if applicable to a Series, the Settlement Deed;

**"Transfer Agent"** means, in respect of each Series of Certificates, The Bank of New York Mellon SA/NV, Luxembourg Branch or any successor thereto in each case as transfer agent under the Agency Agreement and such further or other transfer agents as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series;

**"Trust"** means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Trust Deed;

**"Trust Assets"** has the meaning given to it in Condition 5.1 (*Trust Assets*);

**"Trustee Administrator"** means MaplesFS Limited;

**"Trustee Event"** means any of the following events:

- (a) ***Non-payment***: the Trustee fails to pay any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or profit or otherwise) in respect of the Certificates on the due date for payment thereof and such failure has continued for a period of 90 days; or
- (b) ***Breach of other obligations***: the Trustee defaults in the performance or observance of any of its other obligations under the Master Trust Deed and such default is incapable of remedy or, if capable of remedy, such default is not unremedied for a period of 90 days; or
- (c) ***Security enforced***: a secured party takes possession, or a receiver, manager or other similar officer is appointed in respect of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee and such possession or appointment continues for a period of 60 days after the date thereof; or
- (d) ***Insolvency etc.***: (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator is appointed in respect of the whole or a substantial part of the undertaking, assets and revenues of the Trustee is appointed; or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its Indebtedness or Sukuk Obligations or any guarantee of any Indebtedness or Sukuk Obligation given by it; or
- (e) ***Winding up etc.***: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee or the Trustee ceases to carry on all or substantially all of its business (otherwise than as approved by an Extraordinary Resolution of the Certificateholders); or
- (f) ***Analogous event***: any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraphs (c) (*Security enforced*) to (e) (*Winding up, etc.*) above; or
- (g) ***Unlawfulness***: it is or will become unlawful for the Trustee to perform or comply with any of its obligations under or in respect of the Certificates and the Transaction Documents to which it is a party or the Trustee repudiates or contests any of its obligations under or in respect of the Certificates or the Transaction Documents to which it is a party.

For the purpose of paragraph (a) (*Non-payment*) above of this definition, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts expressed to be payable under Condition 7 (*Periodic Distribution Amounts*)) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5.2 (*Application of Proceeds from Trust Assets*) or otherwise) subject always to Condition 4.2 (*Limited Recourse*);

"**Wakala Agreement**" means the amended and restated wakala agreement dated 9 May 2019 between the Trustee and the Wakeel;

"**Wakala Asset Obligor**" has the meaning given to it in the Wakala Agreement;

"**Wakala Assets**" has the meaning given to it in the Master Purchase Agreement;

"**Wakala Asset Revenues**" has the meaning given to it in the Wakala Agreement; and

"**Wakeel**" means APICORP acting in its capacity as wakeel under the Wakala Agreement.

## 2.2 Interpretation

In these Conditions:

- (a) all references to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms;
- (b) all references to the "face amount" of a Certificate shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (c) all references to "Periodic Distribution Amounts" shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (d) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Certificates; and
- (e) any reference to any Transaction Document shall be construed as a reference to such Transaction Document as amended and/or supplemented up to and including the Issue Date of the Certificates.

## 3. Form, Denomination, Title and Transfer

- 3.1 **Certificates:** The Certificates are issued in registered form in the Specified Denomination(s), which may include a minimum denomination specified in the applicable Final Terms and higher integral multiples of a smaller amount specified in the applicable Final Terms, and, in the case of Certificates in definitive form, are serially numbered.

These Conditions are modified by certain provisions contained in the Global Certificate. Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive certificates representing their holdings of Certificates. In the case of Certificates in definitive form, an Individual Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

- 3.2 **Title to Certificates:** Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg. For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and/or Clearstream, Luxembourg and their respective participants. Each person (other than the relevant clearing system) who is for the time being shown in such records as the holder of a particular face amount of Certificates (in which regard any certificate or other document issued by the relevant clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, APICORP, the Delegate and the Agents as the holder of such face amount of such

certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, APICORP, the Delegate and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "Holder" and "Certificateholder" in relation to any Certificates and related expressions shall be construed accordingly.

- 3.3 **Ownership:** The Registrar will maintain a register of Certificateholders outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "**Register**"). The Trustee, APICORP, the Delegate and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificates are for the time being registered (as set out in the Register) as the Holder of such certificates or of a particular face amount of the Certificates for all purposes (whether or not such Certificates or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, APICORP, the Delegate and the Agents shall not be affected by any notice to the contrary. All payments made to such registered Holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Certificates or face amount.

No person shall have any right to enforce any term or condition of any Certificates under the Contracts (Rights of Third Parties) Act 1999. The Holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

3.4 **Transfers of Certificates:**

Subject to Conditions 3.7 (*Closed periods*) and 3.8 (*Regulations Concerning Transfers and Registration*) below:

- (a) **Transfers of beneficial interests in the Global Certificate:** Transfers of beneficial interests in the Global Certificate will be effected by Euroclear and/or Clearstream, Luxembourg and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear and/or Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.
- (b) **Transfers of Certificates in definitive form:** Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer the Holder or Holders must: (i) surrender the Individual Certificate for registration of the transfer thereof (or the relevant part thereof) at the Specified Office of the Registrar or 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 evidence to prove the title of the transferor and the authority of the individuals who have executed the form of transfer as may be reasonably required by the Registrar or (as the case may be) the relevant Transfer Agent. Any such transfer will be subject to such reasonable regulations as the Trustee, APICORP, the Delegate and the Registrar may from time to time prescribe.

Subject as provided above, the Registrar or (as the case may be) the relevant Transfer Agent will, as soon as reasonably practicable, and in any event within five business days (being for this purpose a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), and following receipt of a signed new Individual Certificate from the Trustee, deliver at its Specified Office to the transferee or (at the risk of the transferee) send by regular uninsured first class mail (airmail if overseas) to such address as the transferee may request a new Individual Certificate of a like aggregate face amount to the Certificates (or the relevant part of the Certificates) transferred. In the case of the transfer of part only of an Individual Certificate, a new Individual Certificate in respect of the balance of the Certificates not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

- 3.5 **Exercise of Options or Partial Dissolution in Respect of Certificates:** In the case of an exercise of APICORP's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the Registrar will update the entries on the Register accordingly and, in the case of Individual Certificates, new Individual

Certificates shall be issued to the Holders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent.

- 3.6 **No Charge:** The transfer of a Certificate, exercise of an option or partial dissolution will be effected without charge by or on behalf of the Trustee or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured first class mail (airmail if overseas).
- 3.7 **Closed Periods:** Certificateholders may not require transfers to be registered:
- (a) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of the relevant Certificates falls due;
  - (b) during the period of 15 days ending on (and including) any date on which the relevant Certificates may be called for redemption by the Trustee or APICORP at its option pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*) or Condition 8.3 (*Dissolution at the Option of APICORP (Optional Dissolution Right)*); or
  - (c) after a Certificateholder Put Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*).
- 3.8 **Regulations Concerning Transfers and Registration:** All transfers of Certificates and entries on the Register are subject to the detailed regulations concerning the transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be mailed (free of charge to the Certificateholder by uninsured first class mail (airmail if overseas)) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.
4. **Status and Limited Recourse**
- 4.1 **Status of the Certificates:** The Certificates represent an undivided beneficial ownership interest in the relevant Trust Assets and are direct, unsecured and limited recourse obligations of the Trustee. Each Certificate shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application, at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series. The payment obligations of APICORP (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of APICORP, present and future.
- 4.2 **Limited Recourse:** Save as provided in this Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, APICORP, any of the Agents or any of their respective affiliates. The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Subject to Condition 12 (*Dissolution Events*), Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:
- (a) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and payable hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

- (b) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets or any part thereof (save as permitted pursuant to the Sale Undertaking and the Purchase Undertaking) to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;
- (c) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise;
- (d) no Certificateholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors), the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee or the Delegate in their capacity as such for any breaches by the Trustee or Delegate and any and all personal liability of every such shareholder, officer, employee, agent, director or corporate services provider in their capacity as such for any breaches by the Trustee or the Delegate of any such duty, obligation or undertaking is expressly waived and excluded to the extent permitted by law. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, employees, agents, directors or corporate services provider of the Trustee or the Delegate (in their capacity as such), save in the case of their wilful default or actual fraud (or, in the case of the shareholders, members, officers, employees, agents, directors or corporate services provider of the Delegate only, wilful default or fraud). Reference in this Condition 4.2 to wilful default, fraud or actual fraud (as applicable) means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificates. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)).

Pursuant to the terms of the Transaction Documents, APICORP is obliged to make payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against APICORP to recover payments due to the Trustee from APICORP pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.2. Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)) constitute an unsecured claim against APICORP. None of the Certificateholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of APICORP in connection with the enforcement of any such claim.

## 5. The Trust

5.1 **Trust Assets:** Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder. The term "**Trust Assets**" in respect of each Series means the following:

- (a) the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Sukuk Assets from time to time (excluding any representations given by APICORP to the Trustee and/or the Delegate under any documents constituting the Sukuk Assets from time to time);
- (c) the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by APICORP to the Trustee and/or the

Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 17.1 of the Master Trust Deed);

- (d) all moneys standing to the credit of the Transaction Account from time to time; and
- (e) all proceeds of the foregoing.

5.2 **Application of Proceeds from Trust Assets:** On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts payable to it under the Transaction Documents in its capacity as Delegate (including any amounts payable to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed;
- (b) *second*, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all properly incurred and documented amounts payable to it under the Transaction Documents in its capacity as Trustee; (ii) each Agent in respect of all amounts payable to such Agent on account of its fees, costs, indemnities, charges and expenses and the payment or satisfaction of any Liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent; and (iii) the Trustee Administrator in respect of all amounts payable to it on account of its fees, costs, charges and expenses and the payment or satisfaction of any Liability incurred by the Trustee Administrator pursuant to the Corporate Services Agreement and the Registered Office Agreement;
- (c) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (d) *fourth*, only if such payment is due on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and
- (e) *fifth*, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and provided that all amounts required to be paid on the Certificates hereunder have been discharged in full, in payment of any residual amount to APICORP in its capacity as Wakeel as an incentive fee for its performance under the Wakala Agreement.

5.3 **Transaction Account:** The Trustee will establish a Transaction Account in respect of each Series by no later than the fifth Local Banking Day following the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Certificateholders into which APICORP will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

## 6. Covenants

6.1 **Trustee Covenants:** The Trustee covenants that for so long as any Certificates are outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any Indebtedness (including any Sukuk Obligation) in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (b) secure any of its present or future Indebtedness by any lien, pledge, charge or other Security Interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or

suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;

- (d) except as provided in Condition 16 (*Meetings of Certificateholders, Modification and Waiver*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (e) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;
- (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
  - (i) as contemplated, provided for or permitted in the Transaction Documents;
  - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
  - (iii) such other matters which are incidental thereto.

6.2 **Negative Pledge:** So long as any Certificates remain outstanding (as defined in the Master Trust Deed), APICORP shall not, other than a Permitted Security Interest, create or permit to subsist any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Sukuk Obligation, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or Sukuk Obligation, without: (a) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity); or (b) providing such other security or other arrangement for those obligations as may be approved by an Extraordinary Resolution of the Certificateholders.

## 7. Periodic Distribution Amounts

### 7.1 Fixed Rate Certificates Provisions

- (a) *Application:* This Condition 7.1 is applicable to the Certificates only if the Fixed Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.
- (b) *Periodic Distribution Dates:* Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be a Fixed Amount, a Broken Amount or an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).

### 7.2 Floating Rate Certificate Provisions

- (a) *Application:* This Condition 7.2 is applicable to the Certificates only if the Floating Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.



- (b) *Periodic Distribution Dates:* Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Return Accumulation Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).
- (c) *Profit Rate for Floating Rate Certificates:* The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined in the manner specified in the applicable Final Terms as being applicable and the provisions herein relating to either Screen Rate Determination or ISDA Determination shall apply (depending upon which is specified in the applicable Final Terms as being applicable).
- (d) *Screen Rate Determination:* Subject to Condition 7.9 (*Benchmark Replacement*), if Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Profit Rate(s) is/are to be determined, the Profit Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
  - (ii) in any other case, the Calculation Agent (in consultation with the Trustee and APICORP) will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Trustee or APICORP will:
    - (A) request each of the Reference Banks to provide the Calculation Agent with a quotation of the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will (in consultation with the Trustee and APICORP) determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent (in consultation with the Trustee and APICORP)) quoted by major banks in the Principal Financial Centre of the Specified Currency selected by the Trustee or APICORP at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Profit Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, **and provided further** that such failure is not due to the occurrence of a Benchmark Event (as defined in Condition 7.9 (*Benchmark Replacement*) below), the Profit Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

If the Profit Rate cannot be determined because of the occurrence of a Benchmark Event, the Profit Rate shall be calculated in accordance with the terms of Condition 7.9 (*Benchmark Replacement*).

- (e) *ISDA Determination*: If ISDA Determination is specified in the applicable Final Terms as the manner in which the Profit Rate(s) is/are to be determined, the Profit Rate applicable to the Certificates for each Return Accumulation Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Return Accumulation Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent (in consultation with the Trustee and APICORP) under a Swap Transaction (as defined in the ISDA Definitions) if the Calculation Agent were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either: (A) if the relevant Floating Rate Option is based on (w) the London inter-bank offered rate ("**LIBOR**") or (x) the Eurozone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Return Accumulation Period; or (B) in any other case, as specified in the applicable Final Terms.
- (f) *Maximum or Minimum Profit Rate*: If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then the Profit Rate shall in no event be greater than the maximum or be less than the minimum so specified.

7.3 **Calculation of Periodic Distribution Amount**: The Periodic Distribution Amount will be calculated by the Calculation Agent by applying the Profit Rate for such Return Accumulation Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Certificates divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro and Renminbi, the lowest amount of such currency that is available as legal tender in the country of such currency in the case of euro, means one cent. and, in the case of Renminbi, means CNY 0.01.

7.4 **Determination and Publication of Profit Rates, Periodic Distribution Amounts and Dissolution Distribution Amounts**: The Calculation Agent (to the extent that it is able, failing which APICORP) shall, as soon as reasonably practicable on or after each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Periodic Distribution Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Periodic Distribution Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, APICORP, each of the Paying Agents, the Certificateholders, any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information and, if the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as reasonably practicable after their determination but in no event later than (i) the commencement of the relevant Return Accumulation Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Periodic Distribution Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7.6 (*Business Day Convention*), the Periodic Distribution Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Return Accumulation Period. If the Certificates become due and payable under Condition 12 (*Dissolution Events*), the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Periodic Distribution Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- 7.5 **Cessation of Entitlement to Profit:** Profit shall cease to accumulate in respect of each Certificate on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.
- 7.6 **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Final Terms is:
- (a) the "**Following Business Day Convention**", the relevant date shall be postponed to the first following day that is a Business Day;
  - (b) the "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**", the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
  - (c) the "**Preceding Business Day Convention**", the relevant date shall be brought forward to the first preceding day that is a Business Day;
  - (d) the "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**", each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Return Accumulation Period after the calendar month in which the preceding such date occurred **provided, however, that:**
    - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
    - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
    - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
  - (e) "**No Adjustment**", the relevant date shall not be adjusted in accordance with any Business Day Convention.
- 7.7 **Calculation Agent:** The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Certificates are outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Periodic Distribution Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
- 7.8 **Linear Interpolation:** Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Profit Rate for such Return Accumulation Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Linear Interpolation Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Linear Interpolation Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation 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 shall determine such rate at such time and by reference to such sources as shall be provided to it by APICORP.

- 7.9 **Benchmark Replacement:** Notwithstanding the provisions in Condition 7.2(d) (*Screen Rate Determination*) above, if the Trustee and APICORP determine that a Benchmark Event has occurred in relation to a Reference Rate or the Trustee and APICORP consider that there may be a Successor Rate in relation to such Reference Rate when any Profit Rate (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:
- (a) the Trustee and APICORP shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Return Accumulation Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread for purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;
  - (b) if the Trustee and APICORP are unable to appoint an Independent Adviser, or the Independent Adviser appointed by them fails to determine a Successor Rate or an Alternative Rate prior to the IA Determination Cut-off Date, the Trustee and APICORP (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread;
  - (c) if a Successor Rate or, failing which, an Alternative Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Rate (as applicable) shall be the Reference Rate for each of the future Return Accumulation Periods (subject to the subsequent operation of, and to adjustment as provided in this Condition 7.9); provided that if Condition 7.9(b) applies and the Trustee and APICORP are unable to or do not determine a Successor Rate or an Alternative Rate prior to the relevant Profit Rate Determination Date, the Profit Rate applicable to the next succeeding Return Accumulation Period shall be equal to the Profit Rate last determined in relation to the Certificates in respect of the preceding Return Accumulation Period (or alternatively, if there has not been a first Periodic Distribution Date, the profit rate shall be the initial Profit Rate) (subject, where applicable, to substituting the Margin that applied to such preceding Return Accumulation Period for the Margin that is to be applied to the relevant Return Accumulation Period); for the avoidance of doubt, the proviso in this Condition 7.9(c) shall apply to the relevant Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in this Condition 7.9;
  - (d) if the Independent Adviser or the Trustee and APICORP (as applicable) determine a Successor Rate or, failing which, an Alternative Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Trustee and APICORP (as applicable), may also (without the consent or approval of Certificateholders), acting in good faith and in a commercially reasonable manner, specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Profit Rate Determination Date, and/or the definition of Reference Rate applicable to the Certificates, and the method for determining the fallback rate in relation to the Certificates, in order to ensure the proper operation of such Successor Rate or Alternative Rate (as the case may be) and (in either case) any Adjustment Spread. If the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP (as applicable) determine that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as applicable) and determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as applicable). If the Independent Adviser or the Trustee and APICORP (as applicable) are unable to determine the quantum of, or a formula or methodology for determining such Adjustment Spread, then such Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread;
  - (e) if any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7.9 and the Trustee and APICORP, following consultation with the Independent Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determine (x) that amendments to these Conditions, the Trust Deed, the Agency Agreement and/or any other Transaction Document are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (y) the terms of the Benchmark Amendments, then the Trustee shall, subject to giving notice thereof in accordance with Condition 7.9(f), without any requirement for the consent or approval of Certificateholders, vary these Conditions, the Trust Deed, the Agency Agreement and/or such other Transaction Document(s) to give effect to such Benchmark Amendments with effect from the date specified in such notice. At the request of the Trustee and APICORP, but subject to receipt by the Delegate of a certificate signed by two

authorised signatories of each of the Trustee and APICORP confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments and that any such Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, the Delegate shall, without any requirement for the consent or approval of the Certificateholders, be obliged to concur with the Trustee and APICORP in effecting any Benchmark Amendments (including, *inter alia*, by the execution of an agreement supplemental to or amending the Trust Deed, the Agency Agreement and/or any other Transaction Document). Notwithstanding the foregoing, the Delegate shall not be obliged so to concur if in the opinion of the Delegate doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Delegate in these Conditions or the Trust Deed in any way;

- (f) the Trustee shall promptly, following the determination of any Successor Rate or Alternative Rate (as applicable) or Adjustment Spread and the specific terms of any Benchmark Amendments to these Conditions, the Trust Deed, the Agency Agreement or any/other Transaction Document, promptly give notice thereof to the Delegate, the Principal Paying Agent, the Calculation Agent and the Certificateholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any;
- (g) the Delegate shall be entitled to rely on such certificates referred to in (e) (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificates will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any), which are to be determined solely by the Trustee and APICORP following consultation with the Independent Adviser (if appointed), and without prejudice to the Delegate's ability to rely on such certificate as aforesaid) be binding on APICORP, the Trustee, the Delegate, the Principal Paying Agent, the Calculation Agent and the Certificateholders; and
- (h) an Independent Adviser appointed pursuant to this Condition 7.9 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to APICORP, the Trustee, the Delegate, the Principal Paying Agent, the Calculation Agent or the Certificateholders for any determination made by it or for any advice given to the Trustee and APICORP in connection with any determinations made by the Trustee and APICORP, pursuant to this Condition 7.9.

In this Condition 7.9:

**"Adjustment Spread"** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP (as applicable) determine is required to be applied to the Successor Rate or the Alternative Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Certificateholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Rate, the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP (as applicable) determine is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Trustee and APICORP) or the Trustee and APICORP in their discretion (as applicable) determine (acting in good faith and in a commercially reasonable manner) to be appropriate;

**"Alternative Rate"** means the rate that the Independent Adviser or the Trustee and APICORP (as applicable) determine has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining profit rates in respect of certificates denominated in the Specified Currency and of a comparable duration to the relevant Return Accumulation Period, or, if the Independent Adviser or the Trustee and APICORP (as applicable) determine that there is no such rate, such other rate as the

Independent Adviser or the Trustee and APICORP (as applicable) determine in their sole discretion is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means (i) the Reference Rate ceases to be published or ceases to exist; (ii) a public statement by the administrator of the Reference Rate that it will, by a specified date within the following six months, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); (iii) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; (iv) a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or (v) it has become unlawful to calculate any payments due to be made to any Certificateholder using the Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable);

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Trustee and APICORP at APICORP's expense;

**"Relevant Nominating Body"** means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, (D) the Financial Stability Board or any part thereof, or (E) the International Swaps and Derivatives Association, Inc. or any part thereof; and

**"Successor Rate"** means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Trustee and APICORP (as applicable) determine is a successor to or replacement of the Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is formally recommended by any Relevant Nominating Body.

## 8. **Redemption and Dissolution of the Trust**

8.1 ***Dissolution on the Scheduled Dissolution Date:*** Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Final Terms following the payment of all such amounts in full and the execution of a sale agreement pursuant to the Purchase Undertaking.

8.2 ***Early Dissolution for Taxation Reasons:*** The Certificates shall be redeemed by the Trustee in whole, but not in part, on any Periodic Distribution Date (if the Certificates are Floating Rate Certificates) or at any time (if the Certificates are Fixed Rate Certificates) (such dissolution date being an "**Early Tax Dissolution Date**"), on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Certificateholders (which notice shall be irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:

- (a) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) (A) APICORP has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdictions or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by APICORP taking reasonable measures available to it,

**provided, however, that** no such notice of dissolution shall be given to Certificateholders:

- (A) unless a duly completed Exercise Notice has been received by the Trustee from APICORP pursuant to the Sale Undertaking; and
- (B) where the Certificates may be redeemed at any time, earlier than 90 days prior to the earliest date on which the Trustee or APICORP, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of APICORP) then due; or
- (C) where the Certificates may be redeemed only on a Periodic Distribution Date, earlier than 60 days prior to the earliest date on which the Trustee or APICORP, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of APICORP) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8.2, the Trustee shall deliver or procure that there is delivered to the Delegate:

- (1) a certificate signed by two directors of the Trustee (in the case of Condition 8.2(a)) or APICORP (in the case of Condition 8.2(b)) stating that the Trustee is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Trustee so to redeem (as set out in Condition 8.2(a) and Condition 8.2(b), as the case may be) have occurred; and
- (2) an opinion of independent legal advisers or other professional advisers, in each case of recognised standing, to the effect that the Trustee or APICORP, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8.2(a) or, as the case may be, Condition 8.2(b) above, in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8.2, payment in full of the Dissolution Distribution Amount to Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

8.3 ***Dissolution at the Option of APICORP (Optional Dissolution Right)***: If the Optional Dissolution Right is specified in the applicable Final Terms, APICORP may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period irrevocable notice to the Certificateholders redeem all or, if so specified in the relevant Exercise Notice, some of the Certificates on any Optional Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed and no greater than the Maximum Optional Dissolution Amount to be redeemed.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8.3. If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8.3, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

In the case of a partial redemption, the notice to Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If the Certificates are to be redeemed in part only on any date in accordance with this Condition 8.3, each Certificate shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Certificates to be redeemed on the relevant Optional Dissolution Date bears to the aggregate principal amount of outstanding Certificates on such date.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series.

- 8.4 ***Dissolution at the Option of Certificateholders (Certificateholder Put Right)***: If the Certificateholder Put Right is specified in the applicable Final Terms, the Trustee shall, at the option of the Holder of any Certificates, upon the Holder of such Certificates giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Trustee, redeem such Certificates on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to APICORP a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 8.4, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a sale agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 8.4 the relevant Holder must, within the notice period, give notice to the Principal Paying Agent of such exercise (a "**Certificateholder Put Exercise Notice**") in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Certificateholder Put Exercise Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent).

Any Certificateholder Put Exercise Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a Holder of any Certificates pursuant to this Condition 8.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 8.4.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series.

- 8.5 ***Dissolution following a Dissolution Event***: Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date and the Trustee may be required to dissolve the Trust, in each case as more particularly described in Condition 12 (*Dissolution Events*).
- 8.6 ***Purchases***: Each of APICORP and APICORP's Subsidiaries may at any time purchase Certificates in the open market or otherwise and at any price and such Certificates may be held, resold or, at the option of APICORP, surrendered to the Registrar for cancellation.
- 8.7 ***Cancellation***: Subject to and in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, all Certificates which are redeemed will forthwith be cancelled. All Certificates purchased and surrendered for cancellation by or on behalf of APICORP or any of APICORP's Subsidiaries shall be cancelled by surrendering the Global Certificate or Individual Certificates representing such Certificates to the Registrar and by APICORP delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8.8, and upon execution of a sale agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust. All Certificates cancelled pursuant to this Condition 8.8 shall be forwarded to the Registrar and cannot be reissued or resold.
- 8.8 ***No other Dissolution***: The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12 (*Dissolution Events*). Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (*Dissolution Events*) (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

## 9. **Payments**

- 9.1 ***Method of Payment***: Payments of any Dissolution Distribution Amount will only be made against surrender of the relevant Certificates at the specified office of any of the Paying Agents. Each Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the Holder shown on the Register at the close of business on the relevant Record Date:



- (a) in the case of Certificates denominated in a currency other than Renminbi, upon application by the Holder of such Certificates to the Specified Office of the Registrar, the other Transfer Agents or any Paying Agent before the Record Date, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and
- (b) in the case of Certificates denominated in Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

9.2 **Payments on Business Days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated:

- (a) (in the case of payments of any Dissolution Distribution Amount and Periodic Distribution Amounts payable on a Dissolution Date) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, presented and endorsed) at the Specified Office of a Paying Agent; and
- (b) (in the case of payments of Periodic Distribution Amounts payable other than on a Dissolution Date) on the due date for payment.

A Holder of Certificates shall not be entitled to any additional distributions or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

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

9.4 **Record Date:** Each payment in respect of Certificates will be made:

- (a) where the Certificate is represented by a Global Certificate, to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business; or
- (b) where the Certificate is in definitive form, to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office (in the case of Certificates denominated in a Specified Currency other than Renminbi) on the fifteenth day before the due date for such payment or (in the case of Certificates denominated in Renminbi) on the fifth day before the due date for such payment (such day described in, as the case may be, Condition 9.4(a) above and in this Condition 9.4(b), the "**Record Date**").

9.5 **Payments subject to Laws:** All payments in respect of the Certificates will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Certificateholders in respect of such payments.

9.6 **Payment of U.S. Dollar Equivalent:** Notwithstanding anything in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Trustee is not able to satisfy payments of any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Certificates when due in Renminbi in the relevant Renminbi Settlement Centre, the Trustee may, on giving not less than five nor more than 30 calendar days' irrevocable notice to the Certificateholders prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi- denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Certificates shall be made upon application by the holder of the Certificates to the Specified Office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City.

In this Condition 9.6:

**"Determination Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the relevant Renminbi Settlement Centre, London and in New York City;

**"Determination Date"** means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant Renminbi Settlement Centre;

**"Illiquidity"** means where the general Renminbi exchange market in the relevant Renminbi Settlement Centre becomes illiquid and, as a result of which the Trustee cannot obtain sufficient Renminbi in order to satisfy its obligation to pay any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) (in whole or in part) in respect of the Certificates as determined by the Trustee in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Trustee to convert any amount due in respect of the Certificates in the general Renminbi exchange market in the relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the pricing date of the relevant Series of Certificates and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Trustee to transfer Renminbi between accounts inside the relevant Renminbi Settlement Centre or from an account inside the relevant Renminbi Settlement Centre to an account outside the relevant Renminbi Settlement Centre or from an account outside the relevant Renminbi Settlement Centre to an account inside the relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the pricing date for the relevant Series of Certificates and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the relevant Renminbi Settlement Centre;

**"Spot Rate"** means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in the relevant Renminbi Settlement Centre for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9.6 by the Calculation Agent, will (in the absence of wilful default, gross negligence or fraud) be binding on the Trustee, APICORP, the Paying Agents and all Certificateholders; and

**"U.S. Dollar Equivalent"** means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date.

## 10. **Taxation**

All payments in respect of the Certificates by or on behalf of the Trustee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or

governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Trustee shall pay such additional amounts as will result in receipt by the Certificateholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Certificates:

- (a) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Certificates by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Certificates; or
- (b) where the relevant Certificates is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Certificates would have been entitled to such additional amounts on presenting or surrendering such Certificates for payment on the last day of such period of 30 days.

If the Trustee becomes subject at any time to any taxing jurisdiction other than or in addition to the Cayman Islands, references in these Conditions to the Cayman Islands shall be construed as references to the Cayman Islands and/or such other jurisdiction.

Notwithstanding anything herein to the contrary, in no event will the Trustee (or any successor of the Trustee) pay any additional amounts in respect of any taxes, withholding or deduction imposed pursuant to the provisions of Sections 1471 through 1474 of the Code (including any successor provisions or amendments thereof), any current or future regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto.

The Transaction Documents each provide that payments thereunder by APICORP shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdictions or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law and, in such case, provide for the payment by APICORP of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

Further, APICORP has undertaken in the Wakala Agreement to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of this Condition 10.

## 11. **Prescription**

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

## 12. **Dissolution Events**

### 12.1 **Dissolution Event:** Upon the occurrence of a Dissolution Event:

- (a) the Delegate, upon receiving written notice thereof under the Trust Deed or otherwise upon becoming actually aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and
- (b) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a "**Dissolution Notice**") to the Trustee, APICORP and the Certificateholders in accordance with Condition 18 (*Notices*) that the Certificateholders elect to declare the Certificates to be due and payable at the Dissolution Distribution Amount. A Dissolution Notice may

be given pursuant to this Condition 12.1(b) whether or not notice has been given to Certificateholders as provided in Condition 12.1(a).

On the thirtieth day after receipt of such Dissolution Notice and provided that the relevant Dissolution Event has not been cured by such time, the Trustee (failing which the Delegate) shall (x) deliver an Exercise Notice to APICORP under the Purchase Undertaking and thereafter execute the relevant sale agreement for purchase of the Wakala Assets and (y) if applicable to a Series, notify APICORP that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement. The Trustee (failing which the Delegate) shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.2 **Enforcement and Exercise of Rights:** Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 12.1 (*Dissolution Event*)), the Delegate may (acting for the benefit of the Certificateholders), and shall if so requested in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Certificates or if so directed by an Extraordinary Resolution (and, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, render itself liable or which it may in its opinion incur by so doing), take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking and, if applicable to a Series, the Master Murabaha Agreement against APICORP; and/or
- (b) start or join in legal proceedings against APICORP or the Trustee to recover from APICORP or the Trustee any amounts owed to the Certificateholders; and/or
- (c) start or join in any other legal proceedings or take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

### 13. Realisation of Trust Assets

13.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against (as applicable) the Trustee and/or APICORP under any Transaction Document to which either of the Trustee or APICORP is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Certificates and, in either case, only if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, thereby render itself liable or which it may, in its opinion, incur by so doing.

13.2 No Certificateholder shall be entitled to proceed directly against the Trustee or APICORP under any Transaction Document to which either of them is a party unless the Delegate, having become bound so to proceed: (i) fails to do so within a reasonable period; or (ii) is unable to do so by reason of an order of a court having competent jurisdiction, and the failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and APICORP shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

13.3 Conditions 12.2, 13.1 and 13.2 are subject to this Condition 13.3. After enforcing or realising the Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*) and the Trust Deed, the obligations of the Trustee and the Delegate in respect of the Certificates of the relevant Series shall be satisfied and the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) or any other person (including APICORP (to the extent that it fulfils all of its obligations under the Transaction Documents)) to recover any further sums in respect of the Certificates of the relevant Series and the right to receive from the Trustee or the Delegate any such sums remaining unpaid shall be extinguished. In

particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14. **Replacement of Certificates**

If any Global Certificate or Individual Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (and, if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. A mutilated or defaced Global Certificate or Individual Certificate must be surrendered before replacements will be issued.

15. **Agents**

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

The Agents and their Specified Offices are set out in the Agency Agreement. In respect of each Series of Certificates, the relevant Agents are specified in the applicable Final Terms. The Trustee reserves the right at any time with the prior written approval of the Delegate to terminate the appointment of any Agent and to appoint additional or successor Agents; provided, however, that:

- (a) the Trustee shall at all times maintain a principal agent, a registrar and a transfer agent;
- (b) if a Calculation Agent is specified in the applicable Final Terms, the Trustee shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Certificates are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Trustee shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Certificateholders.

16. **Meetings of Certificateholders, Modification and Waiver**

16.1 **Meetings of Certificateholders:** The Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Trustee, APICORP or the Delegate, and shall be convened by the Trustee, or, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, the Delegate, if the Trustee or the Delegate (as the case may be) receives a request in writing from Certificateholders holding not less than 10 per cent. in aggregate face amount of the Certificates of any Series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more Persons holding or representing more than 50 per cent. in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned meeting two or more Persons being or representing Certificateholders whatever the aggregate face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals to (each a "**Reserved Matter**"):

- (a) amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts on the Certificates;
- (b) reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates;
- (c) to reduce the rate or rates of profit in respect of the Certificates or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Periodic Distribution Amount in respect of the Certificates;

- (d) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Final Terms, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate;
- (e) vary any method of, or basis for, calculating the Dissolution Distribution Amount;
- (f) vary the currency of payment or denomination of the Certificates;
- (g) modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution;
- (h) modify or cancel the payment obligations of APICORP (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be);
- (i) amend any of APICORP's covenants included in the Purchase Undertaking;
- (j) amend the order of application of monies set out in Condition 5.2 (*Application of Proceeds from Trust Assets*); or
- (k) amend this definition,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Certificateholders (whether or not they voted on the resolution).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate face amount of the Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

- 16.2 **Modification:** The Delegate may (but shall not be obliged to), without the consent of the Certificateholders: (i) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error or is not materially prejudicial to the interests of the outstanding Certificateholders provided that such modification is, in each case, other than in respect of a Reserved Matter; or (ii) (A) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents or (B) determine that any Dissolution Event shall not be treated as such, provided that such waiver, authorisation or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series. Any such modification, authorisation, determination or waiver shall be binding on all Certificateholders and, unless the Delegate agrees otherwise, such modification, waiver, authorisation or determination shall be notified by the Trustee (or APICORP on its behalf) to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable.
- 16.3 **Entitlement of the Delegate:** In connection with the exercise of its powers, authorities and discretions (including but not limited to those referred to in this Condition) the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, APICORP or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.
17. **Delegate**
- 17.1 **Delegation of powers:** The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/ or secured and/or pre-funded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents, take such other steps

as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together the "**Delegation**" of the "**Relevant Powers**"), provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation and **provided further that** in no circumstances will such Delegation result in the Delegate holding on trust the relevant Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, trust, authority, rights or discretion to dissolve any of the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Trust Deed, the Delegate also has certain powers which are vested solely in it from the date of the Master Trust Deed.

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

- 17.2 **Indemnification:** The Trust Deed contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. In particular, but without limitation, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Trust Deed or the other Transaction Documents, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Conditions 12 (*Dissolution Events*) or 13 (*Realisation of Trust Assets*), and then only if it shall also have been indemnified and/or secured and/or pre-funded to its satisfaction.
- 17.3 **No liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of APICORP or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by APICORP but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.
- 17.4 **Reliance on certificates and/or reports:** The Delegate may rely, without liability to any Certificateholder or any other person, on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, APICORP or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Trust Deed or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors of the Trustee, APICORP or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.
- 17.5 **Proper performance of duties:** Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Trust Deed conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Trust Deed and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Trust Deed.
- 17.6 **Notice of events:** The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event has occurred or exists and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to Certificateholders or any other person for so doing).
18. **Notices**
- 18.1 **Notices to the Holders:** Notices to the Holders of Certificates shall be sent to them by uninsured first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register.

Any such notice shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after the date of mailing.

- 18.2 **Listing authorities and clearing systems:** The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed.

So long as the Certificates are held by Euroclear or Clearstream, Luxembourg, notices to the Holders of Trust Certificates of the relevant Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing or publication as required by Condition 18.1 (*Notices to the Holders*). In such case, any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to such relevant clearing system(s).

19. **Currency Indemnity**

If any sum due from the Trustee in respect of the Certificates or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of: (a) making or filing a claim or proof against the Trustee; (b) obtaining an order or judgment in any court or other tribunal; or (c) enforcing any order or judgment given or made in relation to the Certificates, the Trustee shall indemnify each Certificateholder, on the written demand of such Certificateholder addressed to the Trustee and delivered to the Trustee or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between: (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency; and (ii) the rate or rates of exchange at which such Certificateholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Trustee and shall give rise to a separate and independent cause of action. In no circumstances will the Delegate incur any liability by virtue of this Condition 19.

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Further Issues**

The Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional trust certificates having terms and conditions the same as the Certificates or the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single Series with the outstanding Certificates of the relevant Series. Any additional trust certificates which are to form a single Series with the outstanding Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed.

22. **Governing Law and Dispute Resolution**

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

- 22.2 **Arbitration:** Subject to Condition 22.3 (*Option to litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed, the Agency Agreement and the Certificates (including these Conditions) (including a dispute regarding the existence, validity, interpretation, performance, breach or termination or the consequences of the nullity of the same and any dispute relating to any non-contractual obligations arising out of or in connection with the same) (a "**Dispute**") shall be referred to and finally



resolved by arbitration under the London Court of International Arbitration ("LCIA") Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 22.2. For these purposes:

22.2.1 the seat of arbitration shall be London, England;

22.2.2 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

22.2.3 the language of the arbitration shall be English.

22.3 **Option to litigate:** Notwithstanding Condition 22.2 (*Arbitration*) above, the Delegate or any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may, in the alternative, and at its sole discretion, by notice in writing to the Trustee and APICORP:

22.3.1 within 28 days of service of a Request for Arbitration (as defined in the Rules); or

22.3.2 in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Delegate or any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 22.5 (*Court proceedings*) and, subject as provided below, any arbitration commenced under Condition 22.2 (*Arbitration*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration (other than the Delegate) will bear its own costs in relation thereto.

22.4 **Termination of arbitration:** If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate or the relevant Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed and as applicable) 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:

22.4.1 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;

22.4.2 such arbitrator's entitlement to be paid his proper fees and disbursements; and

22.4.3 the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

22.5 **Court proceedings:** In the event that a notice pursuant to Condition 22.3 (*Option to litigate*) is issued, the following provisions shall apply:

22.5.1 subject to Condition 22.5.3 below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and APICORP submits to the exclusive jurisdiction of such court;

22.5.2 the Trustee and APICORP 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

22.5.3 this Condition 22.5 (*Court proceedings*) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding Condition 22.5.1 above, the Delegate and any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate and any Certificateholder (only where permitted so to do in accordance with the terms of the Master Trust Deed) may take concurrent Proceedings in any number of jurisdictions.

22.6 **Process agent:** Each of the Trustee and APICORP has in the Trust Deed appointed Maples and Calder at its registered office at 11<sup>th</sup> Floor, 200 Aldersgate Street, London EC1A 4HD as its agent for service of process in England and has undertaken that, in the event of Maples and Calder ceasing so to act or ceasing to be registered

in England, it will appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes.

22.7 **Waiver of immunity:** Under the Transaction Documents to which it is a party, to the extent that APICORP has, or hereafter may (whether on the grounds of sovereignty or otherwise), acquire any immunity from any proceedings or from execution of judgment, APICORP has agreed that no such immunity shall be claimed by or on behalf of it or with respect to its assets, and APICORP has consented generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with any such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such proceedings.

22.8 **Waiver of Interest:**

Each of the Trustee, the Delegate and APICORP has irrevocably agreed in the Trust Deed that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall hold such amount in a suspense account and promptly donate the same to a registered or otherwise officially recognised charitable organisation.

## USE OF PROCEEDS

The proceeds of each Series of Certificates issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to acquire: (a) Eligible Wakala Assets from APICORP; and/or (b) acquire Commodities to be sold to APICORP, in each case as specified in the relevant Supplemental Purchase Agreement and Murabaha Contract (as applicable) for the relevant Series, such assets to form part of the Trust Assets for the relevant Series.

The proceeds of each Series of Certificates subsequently received by APICORP in consideration for the transactions entered into with the Trustee as set out above, as applicable, including with respect to (b) the proceeds received from the on-sale of the Commodities by APICORP, will be applied by APICORP for its *Shari'a*-compliant working capital, general corporate purposes and general financing and refinancing requirements.

## DESCRIPTION OF THE TRUSTEE

### General

APICORP Sukuk Limited, an exempted company incorporated with limited liability under the Companies Law (2013 Revision) of the Cayman Islands with registered number 299456 whose registered office is at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.\$50,000 divided into ordinary shares of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (the "**Share Trustee**") under the terms of a declaration of trust (the "**Share Declaration of Trust**") dated 18 June 2015 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose of or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

### Business of the Trustee

The Trustee has limited operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates which have been and will be issued under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 4 May 2015.

### Financial Statements

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

### Directors of the Trustee

The Directors of the Trustee are as follows:

<u>Name:</u>	<u>Principal Occupation:</u>
Norbert Neijzen	Regional Head of Fiduciary, Middle East at Maples Fund Services (Middle East) Limited
Stacy Bodden	Vice President at MaplesFS Limited

The business address of Norbert Neijzen is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Stacy Bodden is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

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

### The Administrator

MaplesFS Limited also acts as the administrator of the Trustee (the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands, the UAE and/or such other jurisdiction as may be agreed by the parties from time to time, various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services, including communications with

shareholders and the general public, until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator have also entered into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

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

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

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

## DESCRIPTION OF THE GROUP

### OVERVIEW

APICORP, which is a multilateral development bank focused on the hydrocarbon industry, was established on 23 November 1975 pursuant to the Establishing Agreement.

The Establishing Agreement defines APICORP's purpose as:

- participating in financing petroleum projects and industries, and in fields of activity which are derived from, ancillary to, associated with or complementary to petroleum projects and industries; and
- giving priority to Arab joint ventures which benefit the OAPEC Member States and enhance their ability to utilise their petroleum resources and to invest their savings to strengthen their economic and financial potential.

APICORP seeks to achieve this purpose by supporting relevant projects through participating in syndicated loans or making direct loans and/or through equity investments. It also participates in trade financing activities, provides project-related financial advisory services and publishes research relating to the hydrocarbon industry.

The table below shows details of APICORP's shareholders (the "Shareholders") as at 31 December 2018.

Member State	Authorised capital <sup>(1)</sup>	Subscribed capital <sup>(2)</sup>	Issued and fully paid	Callable	Percentage ownership <sup>(3)</sup>
	<i>(U.S.\$ million)</i>				<i>(per cent.)</i>
Kuwait.....	408	340	170	170	17.0
Saudi Arabia.....	408	340	170	170	17.0
United Arab Emirates .....	408	340	170	170	17.0
Libya .....	360	300	150	150	15.0
Iraq .....	240	200	100	100	10.0
Qatar.....	240	200	100	100	10.0
Algeria.....	120	100	50	50	5.0
Bahrain.....	72	60	30	30	3.0
Egypt.....	72	60	30	30	3.0
Syria.....	72	60	30	30 <sup>(4)</sup>	3.0
	<b>2,400</b>	<b>2,000</b>	<b>1,000</b>	<b>1,000</b>	<b>100.0</b>

Notes:

(1) All shares have a nominal value of U.S.\$1,000.

(2) Subscribed capital is the sum of issued and fully paid capital and capital which remains callable if recommended by the Board of Directors and approved by APICORP's general assembly. In April 2016, APICORP's subscribed capital was increased to U.S.\$2,000 million from U.S.\$1,500 million.

(3) Based on issued and fully paid capital.

(4) Restricted due to APICORP sanctions compliance policy.

In May 2011, APICORP's shareholders agreed to change the capital structure by introducing callable capital in the amount of U.S.\$750 million. Callable capital, which can be requested in order to service debt, to expand development operations (while maintaining capital adequacy ratios) or to absorb losses from treasury or development-related assets, is a joint and several obligation of each member country to provide additional capital within two months when called. In April 2016, the shareholders' U.S.\$1 billion line of credit was replaced with additional callable capital, which increased total callable capital to U.S.\$1 billion. Although APICORP does not have specific guarantees from its shareholders, APICORP believes that the introduction of callable capital demonstrates stronger support than the line of credit made available by its shareholders in 2008. See "*Risk Factors—APICORP is a multilateral development bank without guarantee-related support from its shareholders*".

The rights of the Shareholders are contained in the Establishing Agreement and APICORP is managed in accordance with the provisions contained in the Establishing Agreement. The Establishing Agreement ensures that APICORP is not controlled by any single member state. All resolutions are required to be approved by a majority of the votes cast, with each Shareholder having one vote per share held.

APICORP is independent in its administration and in the performance of its activities and carries out its operations on a commercial basis with the intention of generating a profit.

APICORP's financial year corresponds to the calendar year. As at 31 December 2018, the Group had total assets of U.S.\$6,952.7 million, including U.S.\$3,492.9 million in syndicated and direct loans and U.S.\$1,002.0 million in direct equity investments, including an investment in an associate. The Group also has a significant treasury investment portfolio

of investments at FVTOCI (primarily fixed income securities), amounting to U.S.\$1,401.8 million as at 31 December 2018, which is intended to provide earnings which are not correlated to the Group's two other more cyclical business lines of lending to, and making equity investments in, relevant projects.

In 2018, the Group had net interest income of U.S.\$111.0 million and received U.S.\$56.4 million in dividend income. The Group's profit for 2018 was U.S.\$182.3 million.

The Group's headquarters are located in Dammam, Saudi Arabia. In addition, APICORP has a wholesale banking branch in Manama, Bahrain, which is regulated by the Central Bank of Bahrain. Its headquarters office address is Dammam Coast Road, Al Rakkah, P.O. Box 9599, 31423 Dammam, Saudi Arabia and its telephone number is +966 (0) 3 847 0444.

## HISTORY

Following its establishment, APICORP commenced loan financing and direct equity investment activity with various Arab petroleum companies. Trade financing of petroleum, gas and petrochemicals began in 1987. In 2001, the Group commenced financial advisory services to assist the OAPEC Member States and companies within them with the financing of their projects. In the same year, the Board of Directors (the "**Board**") approved the Group's expansion into the power generation sector, with a strategic focus on generation or transmission facilities which support the development of energy-related industry projects. In 2007, the Board approved the financing of energy intensive industries such as aluminium and the establishment of energy funds. The Group continued to support the hydrocarbon and related energy sector throughout the global financial crisis, including at times when market liquidity was significantly constrained.

In 2006, APICORP established its branch in Bahrain with a view to broadening its financing services.

APICORP's initial authorised share capital was SAR 3.6 billion (U.S.\$960 million), which increased in May 2011 to U.S.\$2.4 billion. When it was established, APICORP's subscribed capital was SAR 1.2 billion (U.S.\$320 million). APICORP's subscribed capital has increased since then, most recently to U.S.\$2.0 billion in April 2016.

## LEGAL STATUS OF APICORP

APICORP is a corporation established in accordance with a special international agreement, the Establishing Agreement, is hosted by Saudi Arabia and enjoys, with respect to OAPEC Member States and third parties, all the rights and privileges of nationality which national companies enjoy in each Member State. APICORP is subject to the provisions of the Establishing Agreement, which are expressed to prevail in the event that there is a conflict with the internal laws of any OAPEC Member State. APICORP is also exempt from the payment of duties, taxes and all public financial costs and burdens in respect of all operations related to its objectives. APICORP is also exempted from any special fees related to subscription, incorporation, registration, increase of capital, dissolution and liquidation. The Establishing Agreement explicitly grants APICORP privileges throughout the OAPEC Member States. These privileges include:

- an undertaking by the OAPEC Member States, jointly and severally, to support APICORP, although see "*Risk Factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—APICORP is a multilateral development bank without guarantee-related support from its shareholders*";
- APICORP's rights and privileges of nationality within any OAPEC Member State;
- APICORP's exemptions from payment of duties and all public and financial costs within OAPEC Member States;
- APICORP's exemption from any currency controls, including from convertibility and transfer restrictions;
- support for APICORP's personnel in entry and residency throughout the OAPEC Member States; and
- an undertaking by the OAPEC Member States to refrain from appropriating any of APICORP's assets.

APICORP's shareholders and their shareholdings have remained unchanged since it was established. The Establishing Agreement provides that only member countries of OAPEC may be shareholders in APICORP. If any shareholder ceases to be an OAPEC Member State, it would also cease to be a shareholder in APICORP and its shares would be distributed among the remaining OAPEC Member State shareholders on a *pro rata* basis.

## STRATEGY

APICORP is a multilateral development bank that contributes to the growth, development and transformation of the Arab hydrocarbon and related energy industries through the following activities:

- providing debt funding in the form of project finance, asset-based finance and structured trade finance;
- providing financial structuring and advisory services;
- providing equity funding to companies and projects; and
- providing industry and economic research.

APICORP believes that the energy sector in the MENA region offers significant prospects for investors both in terms of the number of energy and related projects and the scale of the investment required.

APICORP aims to consolidate its role as a leading development institution that focuses on the hydrocarbon and related energy industries.

The Group has been implementing and refining its current strategy since 2014. The current strategy was developed with the assistance of Boston Consulting Group and approved by the Board towards the end of 2013. The Board set a number of strategy milestones which have been substantially or fully completed and the Group continues to implement and refine its strategy.

The Group's main strategic initiatives include:

- maintaining the Group's developmental role and mandate, whilst becoming more commercially focused;
- achieving an optimum asset mix by growing the balance sheet size and rebalancing the portfolio. The strategy also envisages the Group growing its fee income and enhancing its product development activities;
- enhancing sub-sector diversification in the broader energy and related sectors and achieving greater geographic diversification;
- strengthening its funding profile by focusing on lengthening funding maturities and improving the overall cost of funding;
- achieving greater operational efficiencies through enhancements in the people, processes and systems dimensions; and
- strengthening the Group's risk and control frameworks.

## STRENGTHS

The Group believes that it benefits from a number of strengths. These include:

### **Sovereign ownership and special privileges**

APICORP is 100 per cent. owned by OAPEC Member State governments, 64.0 per cent. owned by GCC governments and 51 per cent. owned by Kuwait, Saudi Arabia and the UAE collectively. APICORP benefits from a number of special privileges afforded to it by the Establishing Agreement, see "*Legal status of APICORP*" above. APICORP also has de facto preferred creditor status by virtue of its status as a multilateral development bank. De facto preferred creditor status is based solely on historical practice in relation to multilateral development banks. Preferred creditor status is not, however, a legal status. The preferred creditor status enjoyed by APICORP is also reflected in the fact that the OAPEC Member States have, in the Establishing Agreement, exempted APICORP from all restrictions relating to currency control and fund transfer.

### **Strong shareholder support**

The Establishing Agreement provides that the OAPEC Member States undertake:

- jointly and severally, to support APICORP, protect it and embrace its causes in every way that ensures the protection of its rights and interests internationally and otherwise (although APICORP does not benefit from a specific guarantee from its shareholders); and



- to facilitate all the activities related to APICORP's objectives and to adopt all possible measures to that end.

The OAPEC Member States have supported each of APICORP's five issued and fully paid capital increases since it was established and have also supported it with significant deposits. The Group also benefits from U.S.\$1 billion in callable capital, which provides a further indication of potential future shareholder support. In addition, the OAPEC Member States elected not to declare dividends in respect of each of 2008, 2009, 2010, 2012, 2013, 2014 and 2016 to further strengthen APICORP's financial position. A total dividend of U.S.\$30 million was declared in respect of 2017. A total dividend of U.S.\$30.8 million was declared in respect of 2018. OAPEC Member States, through their representatives on the Board, provide APICORP with opportunities to participate in, or initiate, projects in OAPEC Member States.

The Moody's report rates the strength of APICORP's shareholder support as very high and notes that this is reinforced by APICORP's incremental capitalisation from retained earnings.

### **Solid capitalisation and low leverage**

As at 31 December 2018, the Group's capital adequacy ratios determined in accordance with Basel II methodology were 28.88 per cent. (for total capital) and 28.34 per cent. (for Tier 1 capital). The Group's total capital ratio has remained around 28 per cent. since 2009, supported by the quality of its asset portfolio and its strong track record of profitability.

The Group seeks to maintain conservative leverage levels, which it calculates as its total liabilities divided by its total equity and non-controlling interests. As at 31 December in each of 2018, 2017 and 2016, the Group's leverage levels were 2.07 times, 1.90 times and 2.07 times, respectively.

### **Sustained and strong financial performance**

The Group has been profitable in almost every year since it was established, including throughout the global financial crisis. In October 2012, Moody's upgraded APICORP's ratings from A1 to Aa3 with a stable outlook, principally reflecting its improved shareholder capital and funding position. This Aa3 rating has been maintained since that date.

The Group also has a low and stable amount of NPLs which were U.S.\$12.47 million as at 31 December 2018 and U.S.\$63.6 million as at 31 December in each of 2017 and 2016. These mainly comprised Iraqi loans and one Libyan loan, which are fully covered by provisions and cash collateral held. The Group's NPLs comprised 0.34 per cent., 2.05 per cent. and 2.06 per cent., respectively, of its total gross loans as at 31 December in each of 2018, 2017 and 2016. As of 31 December 2018, the Group's NPLs reduced to U.S. \$12.47 million, or 0.34 per cent. of its total gross loans, as a result of a settlement agreement, with the Government of Iraq in relation to the overdue Iraqi loan.

### **Focus on strategic hydrocarbon sector and geographically focussed on the GCC**

The Group focuses on financing projects in the oil and gas, petrochemical and energy sectors and has developed significant expertise in these areas since it was established in 1975. As at 31 December 2018, 72.5 per cent. of APICORP's assets were located in the GCC and 32.2 per cent. and 7.9 per cent. were located in Saudi Arabia and Qatar, respectively.

## **SUMMARY FINANCIAL INFORMATION**

The table below shows a summary of APICORP's consolidated statement of financial position as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
<b>Assets</b>			
Cash and cash equivalents.....	26.0	65.4	21.8
Placements with banks .....	777.9	459.7	816.8
Investment classified as held for sale.....	—	110.6	—
Investments.....	2,432.3	2,447.6	2,083.5
Investment in an associate.....	27.8	27.6	107.2
Syndicated and direct loans.....	3,492.9	2,965.0	2,951.6
Property, equipment and vessels.....	102.2	112.0	117.4
Other assets.....	93.6	48.9	43.4
<b>Total assets</b> .....	<b>6,952.7</b>	<b>6,236.8</b>	<b>6,141.7</b>
<b>Liabilities</b>			
Deposits from banks.....	139.4	175.6	286.9
Deposits from corporates.....	415.2	1,051.3	1,133.6
Deposits from shareholders.....	114.0	110.8	108.8
Securities sold under agreements to repurchase .....	150.8	153.1	157.8
Other liabilities .....	121.7	76.5	76.1
Bank term financing.....	1,438.6	1,063.4	1,520.2
Sukuk and Bonds issued.....	2,305.1	1,455.8	855.1
<b>Total liabilities</b> .....	<b>4,684.8</b>	<b>4,086.5</b>	<b>4,138.5</b>
<b>Equity</b>			
Share capital .....	1,000.0	1,000.0	1,000.0
Legal reserve.....	223.0	204.5	194.0
General reserve.....	331.0	279.3	195.5
Fair value reserve on investments .....	546.7	570.8	527.4
Retained earnings .....	165.1	93.1	83.8
Total equity attributable to shareholders of the corporation.....	2,265.9	2,147.7	2,000.7
Non controlling interests .....	2.1	2.6	2.5
<b>Total liabilities, equity and non controlling interests</b> .....	<b>6,952.7</b>	<b>6,236.8</b>	<b>6,141.7</b>

As indicated in the table above, the Group's principal assets are its syndicated and direct loans, its direct equity investments (including its investment in an associate) and its treasury investment portfolio, each of which are discussed in more detail below. As at 31 December 2018, the Group's syndicated and direct loans and its direct equity investments aggregated U.S.\$5,953.0 million, or 85.6 per cent. of its total assets. APICORP's principal liabilities are its bank term financing and its bond and sukuk issued, which are described under "*Funding and liquidity*" below.

The table below shows APICORP's consolidated statement of income data for each of the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

	Year ended 31 December		
	2018	2017	2016
	<i>(U.S.\$ million)</i>		
Interest income .....	245.6	159.5	125.7
Interest expense .....	(134.6)	(93.3)	(71.9)
Net interest income.....	111.0	66.2	53.8
Dividend income .....	56.4	37.3	59.4
Gain on derecognition of Investments held for sale .....	86.7	—	—
Net (loss)/gain on financial assets at FVTPL .....	(9.0)	15.2	—
Net (loss)/gain on derecognition of financial assets at FVOCI .....	(0.1)	0.1	0.7
Net fee income .....	0.3	0.6	0.7 <sup>(1)</sup>
Other income, net <sup>(1)</sup> .....	7.4	22.1	20.8
Total income.....	252.7	141.5	131.6
Operating expenses .....	(44.8)	(37.3)	(36.1) <sup>(1)</sup>
Impairment, net .....	(25.6)	(0.6)	(2.1)
Profit for the year .....	182.3	103.6	93.4
Profit for the year attributable to:			
Shareholders of the Corporation .....	182.8	103.6	93.3
Non-controlling interests.....	(0.5)	—	0.1
<b>Profit for the year</b>	<b>182.3</b>	<b>103.6</b>	<b>93.4</b>

Notes:

(1) 2016 financial information has been derived from the 2017 Financial Statements.

APICORP's net interest income represents the difference between its interest income (which it principally earns on the loans made by it, its available for sale debt securities portfolio and its placements with banks) and its interest expense (which principally represents the interest that it pays on the deposits it accepts and on its borrowings). APICORP also generates a significant amount of dividend income from its direct equity investments.

The table below shows a summary of APICORP's consolidated statement of comprehensive income data for each of the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

	Year ended 31 December		
	2018	2017	2016
	<i>(U.S.\$ million)</i>		
Profit for the year .....	182.3	103.6	93.4
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to the consolidated statement of income</i>			
Net change in fair value of equity investments at FVOCI.....	(8.0)	43.4	15.3
<i>Items that may be reclassified subsequently to the consolidated statement of income</i>			
Net change in fair value of debt investments at FVOCI.....	(14.0)	(0.0)	22.8
<b>Total other comprehensive income for the year</b> .....	<b>(22.0)</b>	<b>43.4</b>	<b>38.2</b>
<b>Total comprehensive income for the year</b> .....	<b>160.3</b>	<b>147.0</b>	<b>131.6</b>

APICORP's other comprehensive income is principally driven by changes in the fair value of its direct equity investments. At 31 December 2018, only 15.6 per cent. of APICORP's direct equity investments, representing two investments, were quoted on active markets, enabling a market-price related fair value to be established. The fair value of the remaining

84.4 per cent. of APICORP's direct equity investment portfolio is based on internal valuations performed using industry standard valuation methods, including discounted cash flow valuation and comparable peer multiple valuations.

The table below shows a summary of APICORP's consolidated statement of cash flows data for each of the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

	Year ended 31 December		
	2018	2017	2016
	(U.S.\$ million)		
Net cash from / (used in) operating activities .....	(800.4)	384.4	(249.5)
Net cash from / (used in) investing activities .....	213.7	(287.1)	(113.2)
Net cash from / (used in) financing activities .....	547.3	(53.7)	361.5
Cash and cash equivalents at start of year .....	65.4	21.8	23.0
Cash and cash equivalents at end of year.....	26.0	65.4	21.8

The table below shows certain ratios for APICORP at, and for each of the years ended, 31 December 2018, 2017 and 2016.

	As at / year ended 31 December		
	2018	2017	2016
Return on assets <sup>(1)</sup> (per cent.).....	2.62	1.66	1.52
Return on equity <sup>(2)</sup> (per cent.) .....	8.04	4.82	4.66
Return on paid up capital <sup>(3)</sup> (per cent.).....	18.23	10.36	9.34
Total capital adequacy ratio <sup>(4)</sup> (per cent.) .....	28.88	27.76	27.63
Tier 1 capital ratio <sup>(4)</sup> (per cent.) .....	28.34	27.43	23.63
Total shareholders' funds/total assets <sup>(5)</sup> (per cent.)	32.59	34.44	32.58

(1) Profit for the period divided by total assets at the end of the period.

(2) Profit for the period divided by total equity and non-controlling interests at the end of the period.

(3) Profit for the period divided by share capital at the end of the period.

(4) Calculated in accordance with Basel II requirements.

(5) Total equity attributable to shareholders of the corporation divided by total assets.

## BUSINESS

The Group has three principal business areas:

- project finance, asset-based finance, trade finance, structured commodity finance and financial advisory (together referred to as "**Corporate Finance**");
- captive private equity investments through direct or indirect equity investments (together referred to as "**Investments**"); and
- funding and liquidity management and the investment of excess liquidity in the Group's investment portfolio (together referred to as treasury and capital markets or "**T&CM**").

Corporate Finance principally provides debt finance and financial advisory services to businesses and projects in the oil and gas and related energy sectors.

Investments principally invests in businesses and projects in the oil and gas and related energy sectors through direct equity investments and through funds.

T&CM is principally responsible for funding and managing the Group's liquidity needs and for investing its excess liquidity.

The Group also publishes macro-economic research, with a focus on the oil and gas and related energy sectors.

## Corporate Finance

### Introduction

Corporate Finance arranges financing through loans and credits for projects developed by local, regional and international sponsors in the energy and hydrocarbon sectors. This financing activity is a major contributor to the Group's interest income, with syndicated and direct loans contributing U.S.\$133.4 million, or 54.3 per cent., of the Group's total interest income in 2018. The Group also provides financial advisory services to clients when specifically requested, primarily to assist them in raising finance but also in terms of project development guidance, financial feasibility studies, validation of commercial viability and structure and transaction structuring. This advice generates a small amount of fee income. Including other minor sources of income, Corporate Finance generated total income of U.S.\$150.8 million in 2018, U.S.\$107.6 million in 2017 and U.S.\$75.7 million in 2016, equal to 59.7 per cent., 76.0 per cent. and 57.8 per cent., respectively, of the Group's total income in each year.

### Products and services

Corporate Finance principally arranges medium- to long-term finance, although it also offers shorter-term trade finance and structured commodity finance. The Group offers loans and credits both on a conventional and on an Islamic finance basis. Key medium- to long-term finance products include project finance, asset-based finance (vessels and rigs), reserve-based finance, acquisition finance, equity bridge finance and working capital finance.

The Group offers a complete suite of trade finance products and services, comprising letters of credit ("LCs") and letters of guarantee; and the handling of export LCs, including advising, negotiation and confirmation. The Group's range of structured commodity finance products includes transactional and inventory financings, borrowing base facilities, pre-export financings and prepayment facilities.

Although the Group does not have its own Islamic banking unit and *Shari'a* board, it typically arranges and advises on Islamic transactions and has established strong relationships with major participants in the Islamic finance industry. In line with its current strategy, in 2014, the Group launched an initiative to increase the visibility of its Islamic finance capabilities, and started to systematically offer *Shari'a*-compliant finance solutions to its clients along with conventional products. As a result, the share of Islamic finance assets as a percentage of the Group's total unimpaired loan portfolio grew from approximately 32.2 per cent. at 1 January 2016 to approximately 41.5 per cent. at 31 December 2018.

### Clients

Corporate Finance's client base includes the national oil and gas companies of the OAPC Member States, international companies which are active in the MENA region and a select group of privately owned companies from the MENA region. Corporate Finance's particular focus in relation to its medium- and longer-term financing is investment projects that are deemed strategic because of their economic impact, size, location, technology or diversification. These projects typically have strong support from their sponsors, which frequently include governments. Through participating in arranging and implementing the financing for these investments, Corporate Finance has developed close and long-standing relationships with the sponsors of these projects.

Corporate Finance also enjoys close relationships with all the major international and regional financial institutions which are active in financing the hydrocarbon and energy industries throughout the MENA region, and beyond when the project or trade transaction financed benefits the MENA region. The Group exclusively finances the energy and hydrocarbon sector and is active throughout the energy value chain. The segments within these sectors financed by the Group include:

- *upstream*: oil and gas production; oil field services and drilling; offshore service vessels; and mining;
- *midstream*: oil and product tankers; liquefied natural gas ("LNG") tankers; and oil and product terminals;
- *downstream*: refinery, petrochemical and gas to liquid projects;
- *utilities*: conventional power and water desalination projects; water treatment; hydrocarbon-related waste management and renewables projects; and
- *energy intensive*: aluminium and metals; cement; and polysilicon.

### ***Lending criteria***

Corporate Finance aims to finance investment projects which have a strong economic rationale and that meet a strategic purpose. The criteria applied by the Group when selecting projects for investment include:

- the quality of the sponsors, the degree of their commitment and the strength of the Group's relationship with them;
- the economic rationale and competitiveness of the project;
- the degree of "off-shorisation" of the project (revenue in U.S. dollars for U.S. dollar loans, for example);
- the degree of protection of the project from local factors, such as exchange rates, inflation and regulation;
- the resilience of the project;
- the maximisation of export credits and multilateral loans in the financing of a project in difficult countries;
- the role and visibility of the Group in the financing; and
- the remuneration –the Group provides medium-to long-term financing at market rates. However while profit is an important factor, its decision to advance financing is not solely driven by profitability and it also takes into account the developmental impact of the project.

As a general rule, a country which has significant economic or political challenges is considered a less robust sponsor. In these instances, the Group's criteria concerning equity, project structure, guarantees, export-credits and multilateral financings are more stringent.

The Group requires prior approval from its credit and investment committee and from the Board before committing to any funded or unfunded credit facility. Each approval is required to be supported by a detailed credit application, which includes a comprehensive rating scorecard specific to the nature of the transaction.

APICORP maintains country specific lending limits, single obligor limits, single group level limits and rating wise portfolio limits for its Corporate Finance business.

The country limit for member countries is limited to 10 times their respective equity contributions, while the country cap for non-member countries is linked to their sovereign ratings as well as to a certain percentage of APICORP's total shareholders' equity, the maximum being 30 per cent. The maximum single obligor limit is 10 per cent. of the Group's net worth (being its total assets less its total liabilities). In addition, no lending commitment to any one group of companies may exceed 25 per cent. of the Group's net worth.

### **Lending portfolio**

See "*Lending*" below for a discussion of the Group's direct and syndicated loan portfolio.

### **LENDING**

The Group provides syndicated and direct loans for projects developed by local, regional and international sponsors in the energy and hydrocarbon sectors

### ***Portfolio status and risk classification***

The table below shows the status of the Group's syndicated and direct loans outstanding as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
<b>Unimpaired loans</b>			
Islamic .....	1,491.4	1,176.1	1,214.7
Conventional .....	2,099.7	1,865.9	1,817.5
Unamortised participation and up front fees.....	(55.0)	(50.5)	(54.7)
Expected credit loss/Collective impairment allowance.....	(43.2)	(25.8)	(25.2)
<b>Total unimpaired loans.....</b>	<b>3,492.9</b>	<b>2,965.7</b>	<b>2,952.3</b>
<b>Impaired loans</b>			
Non-performing loans .....	12.5	63.6	63.6
Allowance for specific impairments .....	(12.5)	(18.8)	(18.8)
Dividends due to the Government of Iraq, offset against defaulted loans <sup>(1)</sup> .....	—	(45.5)	(45.5)
<b>Total loans.....</b>	<b>3,492.9</b>	<b>2,965.0</b>	<b>2,951.6</b>

<sup>(1)</sup> As a result of the 1990-1991 second Gulf war, certain companies controlled by the Iraq government defaulted on loans amounting to U.S.\$51.8 million as at 31 December 2017. Accordingly, the Group, starting from 2003, offset the unpaid dividends due to the Government of Iraq, against the principal amounts of the defaulted loans due from the Government of Iraq controlled companies. During the first half of 2018, APICORP entered into a final settlement agreement with the Government of Iraq in relation to the overdue loans and related contractual charges under which APICORP set off the overdue principal and contractual charges on the impaired Iraqi loans due up to the date of settlement against the dividend payable by APICORP to the Government of Iraq.

The table below shows the internal rating classification of the Group's syndicated and direct loans outstanding as at 31 December 2018. For information regarding the Group's internal rating classifications, see "*Risk management—Credit risk management—Credit rating and measurement*".

	<b>As at 31 December 2018</b>
	<i>(U.S.\$ million)</i>
<b>Neither past due nor impaired</b>	
Grade A to AAA .....	1,948.8
Grade B to BBB .....	1,642.4
<b>Total neither past due nor impaired .....</b>	<b>3,591.1</b>
<b>Impaired loans</b>	
Grade D .....	12.5
<b>Total gross impaired loans .....</b>	<b>12.5</b>
Unpaid dividends and interest due to the Government of Iraq.....	—
Allowance for impairment .....	(12.5)
<b>Carrying amount.....</b>	<b>—</b>
Collective impairment allowance .....	(43.2)
Unamortised participation and commitment fees.....	(55.0)
<b>Total syndicated and direct loans.....</b>	<b>3,492.9</b>

### **Portfolio sector and sub-sector concentration**

The Group's direct and syndicated loans are concentrated within the hydrocarbon and energy sector by virtue of APICORP's founding mandate. However, the Group seeks to maintain a diversified profile of loans within those sectors. The table below shows the classification by sub-sector within the hydrocarbon and energy sectors of the Group's syndicated and direct loans outstanding by amount as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(U.S.\$ million)</i>		
Oilfield production development services .....	847.6	304.3	347.0
Floating production, storage and offloading facilities .....	—	133.7	136.5
Liquefied natural gas plants .....	367.6	133.9	130.1
Petroleum and petrochemicals .....	5.2	404.9	480.9
Maritime transportation .....	0.5	167.3	128.7
Refineries .....	350.9	602.3	559.7
Power generation .....	1,484.1	469.0	482.9
Other petroleum .....	118.9	561.0	519.7
Banks and financial institutions .....	44.6	83.6	105.8
Governments and public sector .....	156.5	—	-
Other industries .....	117.1	105.0	60.3
<b>Total syndicated and direct loans .....</b>	<b>3,492.9</b>	<b>2,965.0</b>	<b>2,951.6</b>

The table below shows the classification by sub-sector within the hydrocarbon and energy sectors of the Group's syndicated and direct loans outstanding by proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(per cent.)</i>		
Oilfield production development services .....	24.3	10.3	11.8
Floating production, storage and offloading facilities .....	—	4.5	4.6
Liquefied natural gas plants .....	10.5	4.5	4.4
Petroleum and petrochemicals .....	0.1	13.7	16.3
Maritime transportation .....	0.0	5.6	4.3
Refineries .....	10.0	20.3	19.0
Power generation .....	42.5	15.9	16.4
Other petroleum .....	3.4	18.9	17.6
Banks and financial institutions .....	1.3	2.8	3.6
Governments and public sector .....	4.5	—	-
Other industries .....	3.4	3.5	2.0
<b>Total syndicated and direct loans .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### **Portfolio geographical concentration**

The table below shows the geographical classification of the Group's syndicated and direct loans outstanding by amount as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(U.S.\$ million)</i>		
Saudi Arabia .....	989.5	933.5	1,083.2
Qatar .....	436.6	532.4	633.9
Other GCC states .....	1,154.8	927.7	823.2
Egypt and North Africa .....	409.7	207.9	211.7
<b>Total Arab world .....</b>	<b>2,990.6</b>	<b>2,601.5</b>	<b>2,752.0</b>
Europe .....	188.6	159.4	104.1
Asia Pacific .....	175.0	142.9	62.9
United States .....	138.7	61.2	32.6
<b>Total syndicated and direct loans .....</b>	<b>3,492.9</b>	<b>2,965.0</b>	<b>2,951.6</b>



The Group's direct and syndicated loans are also concentrated within the Arab world, again reflecting APICORP's mandate and its shareholder base. The table below shows the geographical classification of the Group's syndicated and direct loans outstanding by proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(per cent.)</i>		
Saudi Arabia.....	28.3	31.5	36.7
Qatar.....	12.5	18.0	21.5
Other GCC states.....	33.1	31.3	27.9
Egypt and North Africa.....	11.7	7.0	7.2
<b>Total Arab world.....</b>	<b>85.6</b>	<b>87.8</b>	<b>93.3</b>
Europe.....	5.4	5.4	3.5
Asia Pacific.....	5.0	4.8	2.1
United States.....	4.0	2.0	1.1
<b>Total syndicated and direct loans.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### **Portfolio currency and interest rate breakdown**

The Group's loans are principally denominated in U.S. dollars although it also has a small amount of loans denominated in Saudi Arabian riyal. Almost all of the Group's loans bear interest at floating rates of interest that reprice within one year or less.

The table below shows the weighted average effective interest rates of the Group's syndicated and direct loans as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
Syndicated and direct loans.....	4.75	3.28	2.58
U.S. dollar denominated.....	4.76	3.26	2.56
Non-U.S. dollar denominated.....	4.73	3.70	3.52

### **Portfolio maturity breakdown**

The table below shows a maturity profile of the Group's direct and syndicated loans as at 31 December 2018.

	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over	Total
Syndicated and direct loans ( <i>U.S.\$ million</i> ).....	199.4	483.4	1,808.6	1,001.5	<b>3,492.9</b>
Syndicated and direct loans ( <i>per cent.</i> ).....	5.7	13.8	51.8	28.7	<b>100.0</b>

## **COMMITMENTS AND CONTINGENT LIABILITIES**

The Group's principal commitments are to underwrite and fund loans to be made by it and to subscribe capital to direct equity investees. The Group also has limited other commitments and a contingent liability in respect of a guarantee given by it in respect of a loan made to Egyptian Bahraini Gas Derivative Company, a fully impaired direct equity investment at FVTOCI. The Group's shares in Egyptian Bahraini Gas Derivative Company have been pledged to secure this guarantee.

The table below shows the Group's commitments and contingent liabilities as at 31 December 2018.

	<b>As at 31 December</b>
	<b>2018</b>
	<i>(U.S.\$ million)</i>
Commitments to underwrite and fund loans.....	1,021.0
Commitments to subscribe capital to investments in FVOCI (Equity).....	488.1
Guarantees to bank on loans of investee companies	8.8
Fixed assets commitments .....	1.9
Other commitments.....	5.0
<b>Total commitments.....</b>	<b>1,524.8</b>

The table below shows the movements on the Group's undrawn loan commitments and guarantees during each of 2018, 2017 and, 2016.

	<b>Year ended 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
<b>Undrawn loan commitments and guarantees</b>			
Balance at 1 January .....	787.3	932.9	713.6
Additional underwriting and commitment during the period.....	1,902.4	1,810.1	2,112.6
Drawdowns during the period.....	(1,540.0)	(942.8)	(1,127.9)
Expired commitments and other movements – net .....	(128.7)	(1,012.9)	(765.4)
<b>Balance at the end of the period .....</b>	<b>1,021.0</b>	<b>787.3</b>	<b>932.9</b>

## Investments

### Introduction

Investments invests directly in private and public companies and/or indirectly in such companies through an investment in funds. The private companies invested in operate in the oil and gas industries, and in other industries derived from, ancillary to, associated with and/or complementary to, the oil and gas industry. Priority is given to Arab joint ventures which benefit OAPEC Member States and enhance their capability to utilise their petroleum resources.

As at 31 December 2018, the Group's direct equity investment portfolio comprised 16 direct equity investments in companies, one capital commitment in a fund, an equity interest in a shipping fund and a managed account arrangement with Goldman Sachs & Co. Of the investments in companies, 15 are in companies located in six Arab countries: six in Saudi Arabia, four in Egypt, two in Libya and one each in Bahrain, Iraq and Tunisia. The remaining investment is in a company located in the United Kingdom. The portfolio includes investments in six petrochemical companies; three oil and gas fields services ("OFS") companies; one liquefied petroleum gas ("LPG") extraction company; one engineering products manufacturer; one fertiliser manufacturing facility, one petroleum products storage company, one cement manufacturer, one services provider to the sub-sea and onshore environmental monitoring and inspection sectors and one independent power and water project. Six of the direct equity investments listed above have been fully impaired.

In addition to direct equity investments, the Group has also committed capital to invest in the IFC MENA Fund, as discussed further under "*—Direct equity investment portfolio*" below. The Group's commitment to the IFC MENA Fund is U.S.\$15 million.

The Group also has a 94 per cent. equity interest in APICORP Petroleum Shipping Fund ("**APSF**"), an investment vehicle that owns five medium range petroleum products tankers that were leased, on a bareboat basis (i.e. without a crew), to an international trading company. This charter expired in February 2018 and, since then, the vessels have been employed using a combination of index-linked charters and pool employment structures.

During 2017, APICORP entered into a managed account arrangement with Goldman Sachs & Co. for the creation of an investment partnership vehicle aimed at pursuing global energy co-investments. Goldman, Sachs & Co., through its Merchant Banking Division, acts as the Investment Manager for the investment partnership vehicle, which aims to make private equity co-investments in a diversified, global portfolio of energy assets, alongside Goldman Sachs' West Street Capital Partners VII funds. As at 31 December 2018, APICORP has completed two co-investments in North America through this investment vehicle, in the oil field services sector and in the natural gas and natural gas liquid gathering and processing sector.

In the third quarter of 2017, the Group agreed to sell one of its investments, being its 29.12 per cent. shareholding in NPS Holding Company, to a special purpose acquisition company ("SPAC") listed on NASDAQ. The transaction is subject to approvals from regulatory bodies and investors identified by the SPAC. The sale completed in June 2018.

The investments portfolio contributes to the Group's objectives of developing the hydrocarbon and energy industries in the MENA region. The total fair value of the Group's direct equity investments portfolio was U.S.\$ 1,002.0 million as at 31 December 2018. This portfolio generated dividend income of U.S.\$52.1 million in 2018, U.S.\$35.4 million in 2017 and U.S.\$57.3 million in 2016, equal to 28.6 per cent., 25.0 per cent. and 43.5 per cent., respectively, of the Group's total income in each year.

Most of the Group's direct equity investments are held on at fair value, although the portfolio also includes two investments, APSF and APICORP Managed Account Investment Vehicle, which are consolidated as subsidiaries and one investment, Falcon Cement Company, which is an equity accounted associate. In addition, both investments made through the managed account investment partnership vehicle with Goldman Sachs & Co. are held as investments designated at fair value through profit or loss ("FVTPL").

### ***Investment criteria***

The Group typically invests in meaningful minority stakes when making direct equity investments and acts in a fiduciary and advisory capacity through board representation. The Group typically does not exercise significant direct influence over the management or operations of its investee companies.

The Group's investment guidelines for equity investments include:

- a targeted minimum level of dividend yield to be maintained in the overall equity investment portfolio;
- the targeting of investments in the hydrocarbon sector as well as in industries derived from, ancillary to, associated with, and/or complementary to, this sector. The guidelines also make allowance for a limited level of investment outside these sectors;
- the prioritisation of investments in the OAPEC Member States, the MENA region and investments with an Arab connection, with allowance for investments beyond these criteria subject to adhering to specific requirements;
- the provision for direct equity investments and indirect equity investments through funds;
- guidance on the collective level of investments in companies at different stages of the business life cycle, with a specific limit on investments in the early stages of development;
- guidance on targeted investment return ranges;
- guidance on preferred investment size ranges and a limit on the maximum size of each new investment;
- guidance on the preferred level of shareholding and board representation;
- guidance on the preferred and maximum investment periods;
- guidance on qualitative and developmental factors to be considered; and
- guidance on the preferred types of partners in equity investments.

### Direct equity investment portfolio

The table below summarises the Group's direct equity investments at 31 December 2018. These investments are at FVTOCI, save where noted below. All of the investees listed below are related parties.

Company	Paid-up capital	APICORP's share	Other major shareholders	Main activities
Arab Drilling and Workover Company (ADWOC), Libya <sup>(1)</sup>	LD 60 million (equal to U.S.\$43.6 million as at 31 December 2018)	20.00%	Arab Petroleum Services Co. ("APSCO"), Libya	Drilling and related operations in the Arab world
Arab Company for Detergent Chemicals (ARADET), Iraq <sup>(1)</sup>	ID 36 million (equal to U.S.\$30,379.8 as at 31 December 2018)	32.00%	First Energy Bank, Bahrain Iraqi government Saudi Arabian government Kuwaiti government Arab Mining Company, Amman, Jordan The Arab Investments Co., Saudi Arabia	Production and marketing of linear alkyl benzene (LAB) and by-products
Tankage Mediterranee (TANKMED), Tunisia	TD 30 million (equal to U.S.\$11.5 million as at 31 December 2018)	20.00%	Tunisian Petro Enterprise National Oil Distribution Company Bank of Tunisia/Saudi Bank of Tunisia/Kuwait	Storage and handling of petroleum products at La Skhira terminal
Arab Geophysical Exploration Services Company (AGESCO), Libya <sup>(1)</sup>	LD 35 million (equal to U.S.\$25.4 million as at 31 December 2018)	16.67%	APSCO, Libya National Oil Company, Libya	Providing seismic services for the oil and gas industry in the Arab world
Saudi European Petrochemical Company (IBN ZAHR), Saudi Arabia	SAR 1,025 million (equal to U.S.\$273.3 million as at 31 December 2018)	10.00%	Saudi Basic Industries Corporation ("SABIC"), Saudi Arabia Ecofuel, Italy	Production and marketing of methyl tertiary butyl ether (MTBE) and polypropylene
The Arabian Industrial Fibers Company (IBN RUSHD), Saudi Arabia <sup>(1)</sup>	SAR 8,510 million (equal to U.S.\$2,269.3 million as at 31 December 2018)	3.45%	SABIC, Saudi Arabia Public Investments Fund ("PIF"), Saudi Arabia	Production and marketing of aromatics, purified terephthalic acid (PTA) and polyester fibres
Alexandria Fiber Company (AFCO), Egypt <sup>(1)</sup>	U.S.\$48.3 million	10.00%	Birla Group Companies Sidi Kerir Petrochemical Saudi Egyptian Industrial Investment Company	Production and marketing of acrylic fibres
Yanbu National Petrochemical Company (YANSAB), Saudi Arabia	SAR 5,625 million (equal to U.S.\$150.7 million as at 31 December 2018)	1.32%	SABIC, Saudi Arabia	Production and marketing of polyethylene, ethylene glycol, polypropylene and other by-products
Egyptian Methanex Methanol Company (EMethanex), Egypt	U.S.\$215 million	17.00%	Methanex Corporation, Canada Egyptian Petrochemicals Holding Company (Echem), Egypt Egyptian Natural Gas Holding Company ("Egas"), Egypt Egyptian Natural Gas Company (EGASCO), Egypt	Production and marketing of methanol

<b>Company</b>	<b>Paid-up capital</b>	<b>APICORP's share</b>	<b>Other major shareholders</b>	<b>Main activities</b>
Misr Oil Processing Company (MOPCO), Egypt	EGP 2,291 million (equal to U.S.\$128.2 million as at 31 December 2018)	3.03%	Echem, Egypt Agrium, Canada National Investments Bank, Egypt Egas, Egypt EGASCO, Egypt	Production and marketing of ammonia and urea
The Egyptian Bahraini Gas Derivative Company (EBGDCO), Egypt <sup>(1)</sup>	U.S.\$25 million	20.00%	Egas, Egypt Danagas, Bahrain	Recovery and marketing of propane and butane
The Industrialization & Energy Services Company (TAQA), Saudi Arabia	SAR 5 billion (equal to U.S.\$1,333.3 million as at 31 December 2018)	5.88%	PIF, Saudi Arabia General Organization for Social Insurance (GOSI), Saudi Arabia	Energy and related sectors (drilling, oil and gas fields services, seamless pipe manufacturing and industrial gases, among others)
Saudi Mechanical Industries Co. (SMI), Saudi Arabia	SAR 250 million (equal to U.S.\$66.6 million as at 31 December 2018)	15.00%	Fajr Capital Jadwa Investment Company	Industrial Manufacturing (oil and gas, water pump systems and engineering components)
Falcon Cement Company B.S.C., Bahrain <sup>(4)</sup>	U.S.\$41.9 million	30.00%	Gulf Finance House (GFH) BCC Building Materials Abu Dhabi Financial Group (ADFG)	Production and marketing of cement
Ashtead Technology, United Kingdom	GBP 27.9 million (equal to U.S.\$36.8 million as at 31 December 2018)	35.00%	Buckthorn Partners LLP	Sub-sea equipment and services
Shuqaiq International Water and Electricity Company, Saudi Arabia	SAR 3 million (equal to U.S.\$0.8 million as at 31 December 2018)	13.33%	ACWA Power	Holding company for the Shuqaiq Independent Water & Power Project
IFC Middle East and North Africa Fund, LLP (IFC Fund)	U.S.\$162.4 million <sup>(2)</sup>	9.23%	IFC Founder Partner, LLC Arab Fund for Economic and Social Development The Arab Investment Company	Investment in equity, quasi-equity or equity-related investments in IFC's member countries in the MENA region
APICORP Petroleum Shipping Fund (APSF) <sup>(3)</sup>	U.S.\$37.34 million	94.00%	Tufton Oceanic (ME) Ltd	An investment vehicle that owns five medium range petroleum products tankers
APICORP Managed Account Investment Vehicle, North America (MAIV)	U.S.\$52.8 million <sup>(5)</sup>	100.00%	—	Energy related

<sup>(1)</sup> Fully impaired investment.

<sup>(2)</sup> Total committed capital. IFC Middle East and North Africa Fund, LLP (IFC Fund) is classified as an investment at FVTPL.

<sup>(3)</sup> Consolidated as a subsidiary.

<sup>(4)</sup> Equity accounted associate.

<sup>(5)</sup> Capital contributed by APICORP as at 31 December 2018. This account is managed by Goldman, Sachs & Co. The two investments held by this vehicle as at 31 December 2018 are Lucid Energy Group II LLC, and, BJ Services, LLC, which are designated at fair value through profit and loss. The APICORP Managed Account Investment Vehicle, North America (MAIV) is consolidated as a subsidiary of APICORP.

The table below summarises the geographical spread of the Group's direct equity investment portfolio at 31 December 2018.

Country	Number of investments	Fair value at 31 December 2018	Percentage of portfolio
		<i>(U.S.\$ million)</i>	<i>(per cent.)</i>
Saudi Arabia .....	6	729.4	72.8
Egypt.....	4	161.6	16.1
Libya .....	2	-	-
Tunisia.....	1	6.2	0.6
Iraq.....	1	-	-
MENA <sup>(1)</sup> .....	1	3.3	0.3
Bahrain.....	1	27.8	2.8
United Kingdom.....	1	16.6	1.7
North America <sup>(2)</sup> .....	2	57.1	5.7
<b>Total</b> .....	<b>19<sup>(3)</sup></b>	<b>1,002.0</b>	<b>100.0</b>

<sup>(1)</sup> Comprises the investment in the IFC MENA Fund

<sup>(2)</sup> Comprises the investments made through the managed account investment partnership with Goldman Sachs & Co.

<sup>(3)</sup> Excludes the investment in APSF, which is a consolidated subsidiary.

Each company in the Group's direct equity investments portfolio has its own dividend policy, which is usually governed by the amount of the annual profit earned, the company's liquidity, its business growth plans and the policies and priorities of the majority shareholders.

### ***Exit strategy***

Investments is responsible for identifying potential exit opportunities, assessing the feasibility and desirability of potential exits and recommending potential divestments to the appropriate decision making body in accordance with the Group's approved authority matrix. In addition, Investments is responsible for the effective execution of exit mandates in line with the Group's investment guidelines.

Given its development mandate, the Group's direct equity investments have typically been long-term and strategic in nature. For example, five of its current direct equity investments have been held for over 30 years and the average holding period in the direct equity investment portfolio is approximately 15 years.

The Group's only exit in relation to a direct equity investment since 1 January 2015 is the sale of its 29.12 per cent. interest in NPS Holding Limited, which completed in June 2018.

## **Treasury and capital markets (T&CM)**

### ***Introduction***

T&CM's mandate is to:

- ensure that APICORP is adequately funded and that a diverse range of counterparties, products and maturity profiles are available at any given time. See further "*Funding and liquidity-Funding*" below;
- manage market risks proactively. See further "*Risk management—Market risk management*"; and
- manage an investment portfolio with the aim of providing enhanced earnings not correlated to the Group's other two main cyclical business lines.

As at 31 December 2018, T&CM had assets of U.S.\$2,262.0 million. The total market value of the investments in T&CM's fixed income securities portfolio at 31 December 2018 was U.S.\$1,304 million, and was principally invested in issuers with ratings between AAA and A. The average rating of the portfolio as at 31 December 2018 was A. During 2018, the T&CM fixed income portfolio represented by interest income from available for sale securities (net) generated U.S.\$64.0 million of interest income, equal to 26.1 per cent. of the Group's total interest income in that year.

### ***Investment strategy***

T&CM operates out of two centres: APICORP's head office in Dammam and APICORP's branch in Bahrain. Both treasuries work closely together, and consider their operations as one, except to the extent that local regulation dictates otherwise.

The Group's treasury investment strategy is conservative, targeting high quality assets and liquid investments aiming to provide a stable and reliable source of income throughout different economic and market conditions and un-correlated to the economic cycles inherent in the hydrocarbon-related Corporate Finance and Investments business lines. T&CM's investment policy permits investments in three major asset classes, fixed income securities (including treasury bills), funds and equities.

The aim of this strategy is to enhance profitability by providing stable year-on-year returns over cost of funds and to manage the Group's liquidity while remaining within defined risk parameters. The majority of the T&CM investment portfolio comprises fixed income securities which can either be sold or used to raise finance through sale and repurchase transactions if necessary.

The allocation of investments is mainly based on the performance outlook of each asset class, taking into account liquidity considerations, which on occasion leads the Group to adjust its asset mix to ensure that it maintains a conservative approach. T&CM endeavours to avoid significant volatility in its investment portfolio and focuses on capital preservation. Currently, the majority of the portfolio is invested in fixed income securities.

### ***T&CM investment portfolio***

T&CM's investment portfolio is discussed further under "*Investments*" below.

## ***FUNDING AND LIQUIDITY***

### ***Funding***

The Group actively manages a net funding requirement of approximately between U.S.\$4 billion to U.S.\$4.5 billion a year. To this end, it maintains an active relationship with counterparties across the GCC, Europe, the United States, Asia and Africa, although the bulk of its funding was sourced from the GCC in each of 2018, 2017 and 2016.

APICORP's funding strategy relies on a mixture of shorter-term deposits and medium to longer-term borrowings and shorter-term deposits together with a small amount of funding raised from repo-transactions using securities in its investments portfolio. At 31 December 2018, deposits comprised 18.0 per cent. of APICORP's funding and borrowings comprised 82.0 per cent. The table below shows the Group's sources of funding by amount and proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
Borrowings.....	3,743.7	2,519.2	2,375.3
Deposits.....	668.6	1,337.7	1,529.3
Securities sold under agreements to repurchase.....	150.8	153.1	157.7
<b>Total funding</b> .....	<b>4,563.1</b>	<b>4,010.0</b>	<b>4,062.4</b>
	<i>(per cent.)</i>		
Borrowings.....	82.0	62.8	58.5
Deposits.....	14.7	33.4	37.6
Securities sold under agreements to repurchase.....	3.3	3.8	3.9
<b>Total funding</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

In 2018, APICORP borrowed two medium term loans of U.S.\$150.0 million each from Mizuho Bank, Ltd. and First Abu Dhabi Bank PJSC, respectively.

## Deposits

The Group is one of only a few multilateral development banks which accepts wholesale deposits.

Most of the Group's deposits are contractually short-term in nature and comprise a mix of conventional and Islamic bank deposits, deposits from corporates and deposits from APICORP's shareholders. As at 31 December 2018, these deposits together totalled U.S.\$819.4 million, of which 50.6 per cent. were demand deposits or deposits with maturities of up to three months and 18.8 per cent. had maturities of more than three months but less than one year. Notwithstanding the contractual maturities of the deposit portfolio, the Group's experience is that a significant portion of the portfolio is sticky in nature, with government, corporate and bank depositors holding an average year end balance of approximately U.S.\$1.5 billion in aggregate over the period from 31 December 2016 to 31 December 2018. Nevertheless, the fact that the Group's direct and syndicated lending has a more diversified maturity profile means that the Group typically has a significant short-term maturity gap as shown in note 29 to the 2018 Financial Statements and note 28 to the 2017 Financial Statements. See "*Risk Factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—The Group is subject to the risk that liquidity may not always be readily available*".

The Group's deposit counterparty base includes a wide range of conventional and Islamic banks, companies, governments and government agencies.

The table below shows the Group's deposits by amount and proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(U.S.\$ million)</i>		
Deposits from banks .....	139.5	175.6	286.9
Deposits from corporates .....	415.2	1,051.3	1,133.6
Deposits from shareholders .....	113.9	110.8	108.8
<b>Total deposits</b> .....	<b>668.6</b>	<b>1,337.7</b>	<b>1,529.3</b>
	<i>(per cent.)</i>		
Deposits from banks .....	20.9	13.1	18.8
Deposits from corporates .....	62.1	78.6	74.1
Deposits from shareholders .....	17.0	8.3	7.1
<b>Total deposits</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The Group accepts deposits in a range of currencies. As at 31 December 2018, 72.6 per cent. of its deposits were denominated in U.S. dollars, 0.4 per cent. were denominated in pounds sterling and the balance was denominated in other currencies.

The table below shows the weighted average effective interest rates of the Group's deposits as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(per cent.)</i>		
Deposits from banks .....	3.18	2.87	1.55
Deposits from corporates .....	2.98	1.48	1.24
Deposits from shareholders .....	3.27	2.32	1.52

## Maturity profile of the Group's funding

Of the Group's U.S.\$4,563.1 million funding outstanding as at 31 December 2018, 37.2 per cent. was scheduled to mature within 12 months. The table below summarises the maturity profile of the Group's funding (including short-term funding) as at 31 December 2018.



	<b>As at 31 December 2018</b>	
	<i>(U.S.\$ million)</i>	<i>(per cent.)</i>
Repayable within 12 months .....	1,696.2	37.2
Repayable between 1 and 3 years.....	599.8	13.1
Repayable between 3 and 5 years.....	2,267.1	49.7
Repayable after 5 years.....	-	-
<b>Total funding</b> .....	<b>4,563.1</b>	<b>100</b>

## Borrowings

As at 31 December 2018, the Group had five fully drawn bank term loans outstanding. These term loans have margins between 0.55 per cent. and 0.6 per cent. over the Saudi riyal interbank or the London interbank offered rate, depending on the facility currency. The lenders under these facilities are leading regional and international banks.

The table below provides details of each of the Group's outstanding bank term loans as at 31 December 2018.

	<b>As at 31 December 2018</b>
	<i>(U.S.\$ million)</i>
SAR1,000 million loan 2014 – 2019 (fully drawn) .....	266.7
SAR3,000 million loan 2014 – 2019 (fully drawn) .....	800.0
US\$150 million loan 2018 – 2021 (fully drawn) .....	150.0
US\$150 million loan 2018 – 2021 (fully drawn) .....	150.0
US\$ 75 Million loan 2018 - 2021 (fully drawn) .....	75.0
Unamortised front-end fees .....	(3.1)
<b>Total bank term loans</b> .....	<b>1,438.6</b>

The Group's borrowings contain the following financial covenants:

- the ratio of total shareholders' funds to total assets must at all times be 16.67 per cent. or higher; and
- total shareholders' funds must at all times be higher than U.S.\$800 million for the bank financing.

The Group's total shareholders' funds amounted to U.S.\$2.3 billion as at 31 December 2018 and the ratio of total shareholders' funds to total assets as at that date was 32.6 per cent.

As at 31 December 2018, the Group also had three series of sukuk and four series of bonds outstanding.

The table below provides details of each of the Group's outstanding series of sukuk and bonds as at 31 December 2018.

	<b>As at 31 December 2018</b>
	<i>(U.S.\$ million)</i>
<b>Sukuk</b>	
U.S.\$500 million 2.383 per cent. sukuk due 2020 .....	488.5
U.S.\$500 million 3.141 per cent. sukuk due 2022 .....	492.1
SAR250 million 3.50 per cent. sukuk due 2019 .....	66.6
<b>Bonds</b>	
U.S.\$300 million floating rate bonds due 2021 .....	300.0
U.S.\$105 million floating rate bond due 2022 .....	105.0
CNY630 million bond due 2021 .....	94.8
U.S.\$750 million 4.125 per cent. bonds due 2022 .....	762.3
Unamortised front-end fee.....	(4.2)
<b>Total sukuk and bonds .....</b>	<b>2,305.1</b>

All of the Group's bonds and sukuk issued are listed. The Group has entered into interest rate swaps in relation to each series of fixed rate sukuk with a view to hedging its exposure to changes in fair value as a result of changes in market interest rates.

### **Liquidity**

The Group's liquidity comprises its treasury investment portfolio, placements with banks and cash. The table below shows the Group's liquidity as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
Treasury investment portfolio .....	1,458.1	1,479.4	1,203.5
Placements with banks.....	777.9	459.7	816.8
Cash and cash equivalents .....	26.0	65.4	21.8
<b>Total liquidity .....</b>	<b>2,262.0</b>	<b>2,004.5</b>	<b>2,042.1</b>

As at 31 December 2018, 62.6 per cent. of the Group's bank placements were with institutions that were rated AAA to A and 37.4 per cent. were with institutions that were rated BBB to BB.

### **INVESTMENTS**

The Group, through its T&CM business line, manages a treasury investment portfolio with the aim of providing enhanced earnings not correlated to its other two main cyclical business lines, which are direct and syndicated lending to, and direct equity investments in, companies and other entities engaged in the oil and gas and energy industries. The treasury investment portfolio principally comprises fixed and floating rate bonds, which comprised approximately 57.4 per cent. of the portfolio as at 31 December 2018. Treasury bills, managed funds and other equities make up the balance of the portfolio and classified as investments at FVTOCI (debt), investments at FVTPL and investments at FVTOCI (equity), respectively, as at 31 December 2018.

#### *Portfolio breakdown by security type*

The table below shows a breakdown of the Group's treasury investment portfolio by amount and proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	<i>(U.S.\$ million)</i>		
Treasury bills .....	225.0	200.0	—
Fixed rate bonds .....	989.4	980.4	924.2
Floating rate bonds .....	90.0	154.9	192.9
Managed funds .....	56.3	109.6	86.4
Other equities.....	102.7	34.5	—
Expected credit loss.....	(5.3)	—	—
<b>Total securities</b> .....	<b>1,458.1</b>	<b>1,479.4</b>	<b>1,203.5</b>
	<i>(per cent.)</i>		
Treasury bills .....	15.4	13.5	—
Fixed rate bonds .....	67.9	66.3	76.8
Floating rate bonds .....	6.9	10.5	16.0
Managed funds .....	3.9	7.4	7.2
Other equities.....	7.0	2.3	—
Expected credit loss.....	(0.4)	—	—
<b>Total securities</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

All of the Group's treasury investments are fair valued using quoted prices on active markets, except for managed funds which are valued based on significant observable inputs either directly or indirectly, at the end of each reporting period. The Group uses a portion of the securities within the portfolio as collateral for repo-based financing transactions. As at 31 December 2018, securities with a fair value of U.S.\$179.6 million had been pledged as collateral for these transactions, compared to U.S.\$178.6 million as at 31 December 2017 and U.S.\$189.4 million as at 31 December 2016.

#### *Portfolio maturity breakdown*

The table below shows a maturity profile of the Group's treasury investments, which are classified both under FVTOCI and FVTPL as at 31 December 2018.

	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and over	Total
FVTOCI and FVTPL securities ( <i>U.S.\$ million</i> ) .....	235.8	132.5	700.3	389.8	1,458.1
FVTOCI and FVTPL securities ( <i>per cent.</i> ).....	16.2	9.1	48.0	26.7	<b>100.0</b>

#### **Fixed income portfolio**

The Group's treasury investments comprise fixed and floating rate securities (its "**fixed income portfolio**"), and a small portfolio of treasury bills, managed funds and other equities. As at 31 December 2018, the Group's fixed income portfolio had a weighted average credit rating of 'A'.

The Group's fixed income portfolio principally comprises debt securities issued by financial institutions and governments and public sector bodies. The remaining securities are principally invested within the petroleum and energy sectors.

#### *Ratings classification of fixed income portfolio*

The table below shows the ratings classification by issuer type of the Group's fixed income portfolio by amount as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
Rated AAA to A.....	690.1	726.8	717.9
of which:			
<i>Financial institutions</i> .....	134.4	238.8	298.6
<i>Governments and public sector</i> .....	291.7	263.5	140.0
<i>Other</i> .....	264.0	224.5	279.3
Rated BBB to B.....	388.0	361.3	352.6
of which:			
<i>Financial institutions</i> .....	89.5	139.0	159.8
<i>Governments and public sector</i> .....	83.2	109.1	109.2
<i>Other</i> .....	215.3	113.2	83.6
Rated C.....	1.3	—	—
of which:			
<i>Financial institutions</i> .....	—	—	—
<i>Governments and public sector</i> .....	—	—	—
<i>Other</i> .....	1.3	—	—
Unrated.....	—	47.2	46.6
<b>Total fixed income portfolio</b> .....	<b>1,079.4</b>	<b>1,135.3</b>	<b>1,117.1</b>

The table below shows the ratings classification by issuer type of the Group's fixed income portfolio by proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(per cent.)</i>		
Rated AAA to A.....	63.9	64.0	64.3
of which:			
<i>Financial institutions</i> .....	12.5	21.0	26.7
<i>Governments and public sector</i> .....	27.0	23.2	12.6
<i>Other</i> .....	24.5	19.8	25.0
Rated BBB to B.....	35.9	31.8	31.6
of which:			
<i>Financial institutions</i> .....	8.3	12.2	14.3
<i>Governments and public sector</i> .....	7.7	9.6	9.8
<i>Other</i> .....	19.9	10.0	7.5
Rated C.....	0.1	—	—
of which:			
<i>Financial institutions</i> .....	—	—	—
<i>Governments and public sector</i> .....	—	—	—
<i>Other</i> .....	0.1	—	—
Unrated.....	—	4.2	4.2
<b>Total fixed income portfolio</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### *Sectoral breakdown of fixed income portfolio*

The table below shows the sectoral breakdown of the Group's fixed income portfolio by amount as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
Oilfield production development services.....	5.0	5.0	22.3
Liquefied natural gas plants.....	3.8	1.7	—
Petroleum and petrochemicals.....	61.0	43.5	—
Maritime transportation .....	58.1	58.0	60.1
Refineries .....	2.0	1.2	—
Power generation .....	74.8	53.1	6.8
Other petroleum .....	44.8	67.9	57.0
Banks and financial institutions.....	304.7	392.9	469.1
Governments and public sector .....	147.9	372.6	302.8
Other industries.....	377.4	139.4	199.0
<b>Total fixed income portfolio.....</b>	<b>1,079.4</b>	<b>1,135.3</b>	<b>1,117.1</b>

The table below shows the sectoral breakdown of the Group's fixed income portfolio by proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(per cent.)</i>		
Oilfield production development services.....	0.5	0.4	2.0
Liquefied natural gas plants.....	0.3	0.2	0.1
Petroleum and petrochemicals.....	5.6	3.8	—
Maritime transportation .....	5.3	5.1	5.4
Refineries .....	0.2	0.1	—
Power generation .....	6.9	4.7	0.6
Other petroleum .....	4.2	6.0	5.1
Banks and financial institutions.....	28.2	34.6	42.0
Governments and public sector .....	13.7	32.8	27.1
Other industries.....	35.0	12.4	17.8
<b>Total fixed income portfolio.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### *Geographical concentration of fixed income portfolio*

The Group's fixed income portfolio principally comprises debt securities issued by Arab world issuers. The table below shows the geographical classification of the Group's fixed income portfolio by amount as at 31 December in each of 2018, 2017 and 2016.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>(U.S.\$ million)</i>		
Saudi Arabia .....	233.8	251.4	212.5
Qatar.....	135.3	102.9	106.2
Other GCC states .....	372.2	460.8	524.2
<b>Total Arab world .....</b>	<b>741.3</b>	<b>815.1</b>	<b>842.9</b>
Europe .....	66.7	63.0	64.9
Asia Pacific.....	17.8	14.9	7.8
United States .....	253.7	242.3	201.5
<b>Total fixed income portfolio.....</b>	<b>1,079.5</b>	<b>1,135.3</b>	<b>1,117.1</b>

The table below shows the geographical classification of the Group's fixed income portfolio by proportion of the total as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	(per cent.)		
Saudi Arabia .....	21.7	22.1	19.0
Qatar .....	12.5	9.1	9.5
Other GCC states .....	34.5	40.6	46.9
<b>Total Arab world .....</b>	<b>68.7</b>	<b>71.8</b>	<b>75.4</b>
Europe .....	6.2	5.5	5.8
Asia Pacific .....	1.6	1.3	0.8
United States .....	23.5	21.4	18.0
<b>Total fixed income portfolio .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

#### Interest rate structure of fixed income portfolio

The table below shows the weighted average effective interest rates of the Group's fixed income portfolio as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	(per cent.)		
Fixed rate bonds .....	4.67	4.50	4.60
Floating rate bonds .....	3.63	3.06	3.10

#### CAPITAL ADEQUACY

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. Although the Group is not subject to regulatory-imposed capital requirements, it monitors and manages its capital based on the capital adequacy ratios prescribed by the Basel Committee (Basel II) and also voluntarily complies with Basel III liquidity risk management guidelines. The Group's capital adequacy as at 31 December 2018 based on qualifying capital to total risk weighted exposure was 28.88 per cent.

The table below shows the Group's capital adequacy as at 31 December in each of 2018, 2017 and 2016.

	As at 31 December		
	2018	2017	2016
	(U.S.\$ million, except ratios)		
<b>Risk weighted exposures</b>			
On balance sheet assets .....	7,111.0	7,006.3	5,274.8
Off balance sheet exposures .....	884.4	823.9	960.3
<b>Total risk weighted exposures .....</b>	<b>7,995.4</b>	<b>7,830.2</b>	<b>6,235.1</b>
<b>Capital adequacy</b>			
Tier 1 capital <sup>(1)</sup> .....	2,265.9	2,147.7	1,473.3
Tier 2 capital <sup>(2)</sup> .....	43.2	25.8	249.2
<b>Qualifying capital .....</b>	<b>2,309.1</b>	<b>2,173.5</b>	<b>1,722.5</b>
Total capital adequacy ratio (Basel II) .....	28.88%	27.76%	27.63%
Tier 1 capital ratio (Basel II) .....	28.34%	27.43%	23.63%

<sup>(1)</sup> Comprises share capital, legal and general reserves and retained earnings.

<sup>(2)</sup> Comprises investments fair value reserve and collective impairment allowance.

#### RELATED PARTY TRANSACTIONS

The Group's principal related parties are its shareholders. Although the Group does not transact any commercial business directly with the shareholders themselves, it is engaged in financing activities with companies which are either controlled by the shareholder governments or over which they have significant influence. Loans made by the Group to related parties are made at prevailing market interest rates and are subject to normal commercial negotiation as to terms. The majority of loans to related parties are

syndicated, which means that participation and terms are negotiated by a group of arrangers, of which APICORP may, or may not, be a leader. No loans to related parties were written off in 2016, 2017 or, save following the settlement agreement with Government of Iraq, in 2018.

The table below summarises the Group's related party loans, direct equity investments in related parties and deposits from related parties as at, and for the years ended, 31 December 2018, 31 December 2017 and 31 December 2016.

	As at/year ended 31 December		
	2018	2017	2016
	(U.S.\$ million)		
<b>Loans to related parties</b>			
Gross loans outstanding .....	2,382.3	2,130.4	2,265.2
Allowance for specific impairment .....	(12.5)	(18.8)	(18.8)
Dividends due to the Government of Iraq, offset against defaulted loans .....	—	(45.5)	(45.5)
Commitments to underwrite and fund loans .....	539.3	469.7	524.6
Interest from loans during the period .....	92.7	62.0	43.6
Loan fees received during the period .....	12.5	3.9	6.1
Allowance for specific impairments during the period .....	—	—	(5.5)
<b>Investments in related parties</b>			
Investments .....	1,044.3	954.3	987.2
Investments held for sale .....	—	110.6	—
Commitments to invest .....	488.0	514.7	73.5
Guarantees as shareholder .....	8.8	10.7	11.0
Dividends received during the period .....	56.4	35.4	57.7
<b>Deposits</b>			
Deposits from corporates .....	415.2	1,051.3	1,133.6
Deposits from shareholders .....	114.0	110.8	108.8
Dividend payable to shareholders .....	13.7	2.6	2.6
Interest expense on deposits from corporates during the period .....	17.8	17.5	15.8
Interest expense on deposits from shareholders during the period .....	3.1	2.0	1.4

As at 31 December 2018, the Group's gross loans outstanding to related parties were 65.8 per cent. of its total gross loans outstanding, compared to 68.6 per cent. as at 31 December 2017 and 73.2 per cent. as at 31 December 2016.

As at 31 December 2018, the Group's investments in related parties were 42.4 per cent. of its total investments, compared to 38.6 per cent. as at 31 December 2017 and 45.1 per cent. as at 31 December 2016.

As at 31 December 2018, the Group's deposits from related party corporates were 100 per cent. of its total deposits from corporates, compared to 100 per cent. as at 31 December 2017 and 31 December 2016.

	Year ended 31 December		
	2018	2017	2016
	(U.S.\$ million)		
<b>Loans to related parties</b>			
Interest received .....	93	62	44
Loan fees received .....	13	4	6
Allowance for specific impairment .....	-	-	(1)
<b>Direct equity investments in related parties</b>			
Dividends received .....	56	35	58
<b>Deposits</b>			
Interest expense .....	(21)	(20)	(16)

## COMPETITION

The Group's primary competition is from regional, international and development banks which have recognised expertise in project finance, ship finance and structured commodity finance as well as the financing of energy projects and energy trade in the MENA region. However, in many cases competitors on certain deals are also partners on other deals leading to competitive partnership. The Group is also increasingly facing competition from local banks in their own jurisdictions which have established expertise in the project financing area and are prepared to support aggressively their national champions and landmark projects. These banks also benefit from the ability to fund themselves with low cost retail deposits in their local currency. This competition directly impacts the Group's ability to win advisory and structuring

mandates and also affects the pricing of transactions, particularly at times where there is significant market liquidity. This competition may also lead to certain transactions being structured in a more aggressive manner than the Group considers appropriate in light of the risks involved.

With regard to direct equity investments, the Group's competition includes investment funds and private equity companies, large family holding companies with growing interest in the oil and gas industry, and energy project developers.

See generally "*Risk Factors—Factors that may affect APICORP's ability to fulfil its obligations under the Transaction Documents—APICORP—The Group faces significant and increasing competition*".

## COMPLIANCE

The Group is committed to building and maintaining a culture of ethical behaviour, corporate governance and regulatory compliance. The Group's compliance function is independent from its business activities. Among other things, the compliance function is responsible for:

- determining the internal measures and procedures needed to comply with applicable laws, regulations, procedures and internal standards and providing appropriate guidance to employees;
- monitoring adherence to all applicable laws, regulations, procedures and internal standards either directly or by delegating this responsibility to other clearly identified departments or persons as part of the Group's internal control process;
- assisting management in ensuring that all activities are conducted in conformity with all applicable requirements; and
- assessing the appropriateness of the Group's compliance-related guidelines and, where necessary, proposing amendments.

The Group's Compliance and Anti-money Laundering ("AML") Policy sets out minimum standards which must be complied with across the Group. These include:

- the appointment and approval of the Compliance Officer, who is responsible for overseeing compliance with relevant regulations, rules and best practices;
- the appointment and approval of the Money Laundering Reporting Officer (the "MLRO"), who is responsible for overseeing all AML activity within the Group;
- establishing and maintaining thorough customer due diligence, identification, verification and know your customer ("KYC") procedures, including enhanced due diligence for high risk counterparties (such as certain correspondent banks and politically exposed persons);
- in accordance with Central Bank of Bahrain regulations and Financial Action Task Force ("FATF") recommendations, the Group does not deal with banks that have no physical presence;
- ongoing monitoring of counterparty activities and frequent counterparty reviews;
- procedures for identifying and reporting suspicious transactions internally and/or to regulatory bodies (such as the Central Bank of Bahrain);
- the retention of records for minimum prescribed periods in accordance with applicable regulations; and
- appropriate reporting on compliance/AML matters to senior management and the Board (where material).

The Group is committed to preventing the use of its operations for money laundering, terrorist financing and other criminal purposes. In its approach to combat money laundering and terrorist financing, the Group is committed to adhering to all laws and regulations that are applicable in Saudi Arabia, Bahrain and other countries in which it operates. It is also committed to complying with international best practices, especially those endorsed by the FATF, the Basel Committee on Banking Supervision and the Wolfsberg Group.



The Group seeks to ensure that it maintains full compliance with all applicable laws and regulations in all jurisdictions in which it does business (including those promulgated by the U.S. Office of Foreign Assets Control, the European Union and the United Nations). APICORP complies with all applicable laws and regulations on sanctioned countries or entities regardless of its shareholding status, be it Syria or Libya, including blocking transactions where appropriate, including with respect to shareholders, investments and lending activity. The Group's Sanctions Compliance Policy covers:

- screening customers/clients and transactions globally against the sanctions lists issued by the United Kingdom's HM Treasury, the European Union, the United Nations and the United States of America Department of the Treasury – Office of Foreign Assets Control;
- prohibiting business activity, including prohibitions on commencing or continuing customer relationships or providing products or services or facilitating transactions that the Group believes may violate applicable sanctions laws or its Sanctions Compliance Policy, including dealing with individuals or entities named on a sanctions list or conducting business, directly or indirectly, involving countries or territories subject to comprehensive sanctions;
- restricting business activity involving, directly or indirectly, countries or persons subject to more selective or targeted sanctions programmes, which impacts not only the types of products or services that the Group may make available but also the types of transactions the Group may process;
- investigating all customer/client alerts or transactions that are flagged in the Group's screening systems; and
- reporting breaches of sanctions laws to the relevant regulatory authority.

Effective AML and KYC procedures form a fundamental part of the Group's internal control regime. Ongoing KYC, AML and sanctions training is provided to all of the Group's employees on a regular basis.

## **INTERNAL AUDIT**

The Group has engaged Price Waterhouse Coopers ("PwC") to conduct the internal audit of all of its activities. PwC reports its findings to the Board Audit and Risk Committee.

## **INFORMATION TECHNOLOGY**

The Group uses IT to support the delivery of its business strategy. The Group uses market leading software solutions for its financial services and enterprise resource planning to provide services to its business and to respond to new trends in business strategies as they arise. The Group deals with a range of hardware and software partners as well as outsourcing vendors to achieve its long-term strategic IT vision, which is to ensure that the IT services that it delivers are reliable, secure and business aligned.

The Group has a data centre with appropriate redundancy levels, high availability and a managed virtualised environment. It has also established a disaster recovery site which enables data replication with the main data centre for all critical applications.

APICORP's cyber-security procedures aim to ensure the maximum information and network protection from cyber threats and operate at four main levels:

- network security, which aims to ensure the security of APICORP's network from threats originating both inside and outside APICORP;
- application security, which is designed to ensure that any application developed or acquired meets stringent standards of security;
- information system security, which comprises the processes and methodologies involved in keeping information confidential and available and assuring its integrity; and
- end-users security, which seeks to protect APICORP from end-users' activity and end-users from threats emanating from both within and outside APICORP.

## **RISK MANAGEMENT**

### **INTRODUCTION**

The role of risk management is to understand, measure and manage risk in all aspects of the Group's business. The Group aims to embed a risk management culture in all of its business processes and to ensure that a risk management culture is adopted throughout the organisation. Accordingly, the Group seeks to continually improve its risk management in line with industry standards and Central Bank of Bahrain guidelines and by investing in the right people and systems.

The Group's risk management framework is focused on fully integrating enterprise-wide risk management into its operations and culture. The risk management structure covers credit risk, market risk, liquidity risk, operational risk and compliance. The Group seeks to ensure that risks are proactively identified and managed and it aims to achieve an appropriate balance between risk and return and to minimise potential adverse effects on its financial performance.

The Group's risk management policies are established to identify and analyse the risks which it faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group's risk management policies and systems are reviewed regularly to reflect changes in market conditions, emerging best practices and the products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES**

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Board Audit and Risk committee, which is responsible for developing and monitoring the Group's risk management policies. In addition, the same committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Audit and Risk committee is assisted in its oversight role by the internal audit function (which is outsourced to PwC), which undertakes both regular and *ad hoc* reviews of risk management controls and procedures.

The Risk and ALCO Committee, which is a management level committee, is responsible for developing and monitoring the Group's risk management policies to maintain effective oversight of the key risks faced. Risk management policies have been established to identify and analyse the risks faced by the Group; set appropriate risk limits and controls; and monitor risks and adherence to limits. The Group's risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group is focusing on integrating risk management functions within its business lines and aims to develop a disciplined and integrated control environment that can optimise its risk-reward profile.

For a further discussion of the Group's Board and management committees, see "*Management and employees—Management*".

The Group's Risk Management Department is responsible for ensuring and maintaining effective enterprise-wide risk management, as contained in the Group's Risk Charter; together with all risk management policies, risk exposure thresholds, rating models and related manuals.

### **CREDIT RISK MANAGEMENT**

#### **Introduction**

Credit risk is the risk that a borrower or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group, causing a financial loss to the Group. Credit risk principally arises from the Group's direct and syndicated lending, treasury and other activities undertaken by the Group. The Group has established policies and procedures to control and monitor such risks and monitors concentration of credit risk by sector and by geographic location.

Proposed loans and direct equity investments are subject to systematic investigation, analysis and appraisal as set forth below. Once approved, all loan commitments, whether drawn or undrawn, are subject to systematic monitoring so that potential problems may be detected early and remedial action taken.

The Group's treasury activities, including its investments in fixed income securities and its bank placements, are controlled by means of a framework of limits and external credit ratings. Investing in marketable securities is primarily restricted to GCC countries, the United States and major European stock exchanges. Dealings are only permitted with approved internationally rated banks, brokers and other counterparties. Securities portfolios and investing policies are reviewed from time to time by the Risk and ALCO Committee.

### **Credit approval process**

All of the Group's credit transactions undergo two levels of review before being proposed for Board approval, with interim approval being granted as a clearance to perform further due diligence. Final approval is only granted after detailed due diligence has been conducted and the results are considered satisfactory.

Applicants for direct credit are required to submit detailed information to the Group, including relevant background information as well as specific information on their management, business model, major suppliers and customers and bank relationships and limits. In addition, the Group typically requires audited financial statements for the last three years as well as current year financial information where available. The availability of sovereign guarantees and commitments and export credit agency cover are also key factors in the evaluation of a credit application.

Officers within Corporate Finance conduct a financial analysis of the applicant, propose an internal credit grade and negotiate the key terms of the proposed facility with the applicant. They also conduct screening checks and undertake site visits. All credit applications are also reviewed independently by the Risk Management Department. Risk queries are discussed with the transaction team and the queries and their resolution are reflected in the credit application. Reference checks are made through market sources and intermediaries. Where appropriate, specialist consultants may be engaged to undertake technical, financial and/or legal due diligence. Once the credit application has been completed, it and the accompanying risk review and any external due diligence reports obtained are submitted to the management level Credit and Investment Committee for review and approval.

Where the Group is participating in a syndicated loan, the Group typically receives and reviews the standard credit package submitted to all potential syndicate participants. The Group's review process for syndicated loan participations does not materially differ from that for its direct lending.

In each case, once all internal review and validation steps have been completed, the application is submitted to the Credit and Investment Committee, which makes an appropriate recommendation to the Board. The Board has the ultimate authority to sanction commitments.

### **Credit rating and measurement**

The Group's risk rating system is the basis for determining the credit risk of its asset portfolio and, therefore, appropriate asset pricing, the portfolio management strategy and loss provisions and reserves. The risk rating is also a key factor in credit approval.

The Group's internal rating model considers multiple characteristics, including the strength of project sponsors, the relevant market and industry parameters and technical strengths of the borrower. In addition, transaction characteristics such as the security package, the political and legal environment and the financial strength of the borrower are also considered.

The Group has adopted a five-tiered asset classification, being Standard, Watch List, Substandard, Doubtful and Loss and grades its assets under 10 rating categories. Assets within the AAA to C rating band (that is, AAA, AA, A, BBB, BB, B and C) are considered to be performing assets and assets graded DDD, DD or D are considered to be non-performing assets.

The Group's internal ratings also form the basis for its specific impairment provisioning in respect of individual assets.

The table below summarises the Group's asset classification and grading model.

<b>Internal rating</b>	<b>Asset classification</b>	<b>Default indicator</b>	<b>Provision category</b>
AAA to AA.....	Standard	No past due payments	Collective provision
A.....	Standard	No past due payments	Collective provision
BBB.....	Standard	No past due payments	Collective provision
BB to B.....	Standard	No past due payments	Collective provision
NR.....	NR	No past due payments	Collective provision
C.....	Watch list	Past due payments of 90 days or less	Collective provision
DDD.....	Sub Standard	Past due payment of 180 days or less	Specific provision
DD.....	Doubtful	Past due payment of 360 days or less	Specific provision
D.....	Loss	Past due payment of more than 360 days	Specific provision

The Group has a risk-based pricing mechanism under which the allocation of capital for each loan is based on the loan's internal rating, in accordance with Basel guidance that riskier assets should require more capital. The Group's loans are priced to derive an acceptable return on capital which means that higher pricing is applied to riskier loans.

### **Credit monitoring**

The Group monitors its credit exposures on a regular basis as well as any external trends which may impact risk management outcomes. Internal risk management reports, containing information on key variables, portfolio delinquency and impairment performance, are presented to both the Risk and ALCO Committee and the Board Audit and Risk Committee. All exposures are monitored carefully for performance and reviewed formally on an annual basis or earlier. The Group's policies mandate client visits and monitoring of accounts to make sure that any concerns on the quality of the accounts are addressed proactively.

All non-performing accounts are monitored closely by the Corporate Finance team and the Finance and Risk Management departments. These accounts are re-evaluated and remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement and exit of the account.

### **Credit mitigation**

The Group seeks to mitigate potential credit losses from any given account, customer or portfolio using a range of tools, including taking collateral or guarantees in particular. The reliance that can be placed on these credit mitigation resources is carefully assessed taking into account their legal enforceability, the market value of any collateral and the counterparty risk of any guarantor.

The Group accepts a range of collateral types, including receivables; fixed assets such as plant and machinery; marketable securities; commodities; bank guarantees; and LCs. Risk mitigation policies control the approval of different collateral types.

The Group values its collateral in accordance with its risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired financings is maintained at fair value.

The Group also purchases comprehensive non-payment insurance cover for certain exposures in non-investment grade countries based on transaction credit assessments.

## **LIQUIDITY RISK**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management aims to ensure that funds are available at all times to meet the Group's funding requirements.

The Group's liquidity management policies are designed to ensure that even under adverse conditions, the Group has access to adequate funds to meet its obligations, and to service its core investment and lending functions. This is achieved by the application of prudent but flexible controls, which provide security of

access to liquidity without undue exposure to increased costs from the liquidation of assets or the need to bid aggressively for deposits. The Group seeks to maintain an adequate level of quality liquid assets to continuously support its liquidity needs. Well-diversified sources of funding are also maintained, and liquidity mismatches are monitored and managed on a proactive basis. The Group's liquidity risk policy is in compliance with Basel III guidelines.

As part of liquidity management, the Group also seeks to ensure the availability of bank term financing at competitive rates at all times to meet its long-term funding requirements.

The Group's daily liquidity position is monitored and regular stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All of the Group's liquidity policies are subject to review and approval by the Risk and ALCO Committee. Liquidity controls are provided for an adequately diversified deposit base in terms of maturities and the range of counterparties.

The table below summarises the Group's asset and liability maturity profile, based on management's estimates of repayment, as at 31 December in each of 2018, 2017 and 2016. A more detailed table showing individual statement of financial position line items is set out in note 29 to the 2018 Financial Statements and note 28 to the 2017 Financial Statements.

	<u>Up to 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 5 years</u>	<u>5 years and over</u>	<u>Total</u>
	<i>(U.S.\$ million)</i>				
31 December 2018					
Total assets.....	1,127.9	820.4	2,508.9	2,495.5	6,952.7
Total liabilities and equity .....	<u>(788.2)</u>	<u>(1,029.7)</u>	<u>(2,866.9)</u>	<u>(2,267.9)</u>	<u>(6,952.7)</u>
Maturity gap.....	339.7	(209.3)	(358.0)	227.6	—
Cumulative maturity gap.....	339.7	130.5	(227.6)	—	—
31 December 2017					
Total assets.....	823.1	849.4	2,548.1	2,016.2	6,236.8
Total liabilities and equity .....	<u>(751.2)</u>	<u>(514.9)</u>	<u>(2,820.3)</u>	<u>(2,150.4)</u>	<u>6,236.8</u>
Maturity gap.....	71.9	334.5	(272.3)	(134.2)	—
Cumulative maturity gap.....	71.9	406.4	134.2	—	—
31 December 2016					
Total assets.....	1,092.0	438.6	2,056.4	2,554.7	6,141.7
Total liabilities and equity .....	<u>(1,521.2)</u>	<u>(468.3)</u>	<u>(2,128.5)</u>	<u>(2,023.7)</u>	<u>(6,141.7)</u>
Maturity gap.....	(429.2)	(29.7)	(72.1)	531.0	—
Cumulative maturity gap.....	(429.2)	(458.9)	(531.0)	—	—

The Group's funding profile has been strengthened by increasing the amount of its medium- and long-term funding. As a result, the Group's liquidity mismatch position has improved as evidenced by the trend in maturity gaps shown in the table above.

## MARKET RISK MANAGEMENT

Market risk is the risk that changes in market factors, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The majority of the Group's investments (which are not actively traded) are fixed income debt securities. The Group also has a small amount of equity-related funds and equity securities. Treasury activities are controlled by the Risk and ALCO Committee and are also subject to a framework of Board-approved currency, industry and geographical limits and ratings by recognised rating agencies.

The principal risk to which the Group's non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of its securities because of a change in market interest rates, foreign exchange rates and/or equity prices.

## Interest rate risk

The Group's syndicated and direct loans and its funding are principally denominated in U.S. dollars and the interest rates for both are typically linked to U.S. dollar LIBOR, giving the Group a significant degree of natural hedge. The Group's exposure to interest rate fluctuations on certain financial assets and liabilities is also contractually hedged through interest rate swap agreements.

The Group's exposure to interest rate risk is restricted by permitting only a limited mismatch between the re-pricing of the main components of its assets and liabilities. The table below summarises the Group's interest rate sensitivity gap by repricing period and its cumulative gap as at 31 December in each of 2018, 2017 and 2016. A more detailed table showing individual statement of financial position line items is set out in note 30 to the 2018 Financial Statements and note 29 to the 2017 Financial Statements.

	<u>Up to 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 5 years</u>	<u>5 years and over</u>	<u>Total</u>
	<i>(U.S.\$ million)</i>				
31 December 2018					
Interest rate sensitivity gap .....	647.7	(705.4)	—	48.3	(9.3)
Cumulative gap .....	647.7	(57.7)	(57.7)	(9.3)	
31 December 2017					
Interest rate sensitivity gap .....	220.3	582.6	(40.0)	44.2	807.1
Cumulative gap .....	220.3	802.9	762.9	807.1	
31 December 2016					
Interest rate sensitivity gap .....	355.6	138.5	—	44.2	538.3
Cumulative gap .....	355.6	494.1	494.1	538.3	

A positive figure in the table above indicates that the Group has a higher volume of assets than liabilities which re-priced in the relevant period. As the Group's gaps are generally positive, this means that the Group typically benefits in an increasing interest rate environment but is adversely affected in a falling interest rate environment.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a periodic basis include a 100 basis point parallel fall or rise in all yield curves worldwide.

The table shows an analysis of the sensitivity of the Group's statement of income and equity as at 31 December in each of 2018, 2017 and 2016 to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position).

	<u>100 basis point parallel increase</u>		<u>100 basis point parallel decrease</u>	
	<u>Profit/loss</u>	<u>Equity</u>	<u>Profit/loss</u>	<u>Equity</u>
	<i>(U.S.\$ million)</i>			
As at 31 December 2018 .....	1.2	0.3	(1.2)	(0.3)
As at 31 December 2017 .....	1.0	0.1	(1.0)	(0.1)
As at 31 December 2016 .....	1.0	0.1	(1.0)	(0.1)

## Currency risk

Currency risk is minimised by conducting a regular review of exposures to currencies other than the U.S. dollar to ensure that no significant positions are taken which may expose the Group to undue risks. The Group does not trade in foreign exchange. The Group's exposures in currencies other than the U.S. dollar are also partially hedged by entering into forward contracts.

The table below shows an analysis of the sensitivity of the Group's statement of income to a 5 per cent. strengthening or a 5 per cent. weakening of the U.S. dollar against major un-pegged foreign currencies as at 31 December in each of 2018, 2017 and 2016. The analysis assumes that all other variables, in particular interest rates, remain the same.

	<b>5 per cent. strengtheni ng of the dollar</b>	<b>5 per cent. weakening of the dollar</b>
	<i>(U.S.\$ million)</i>	
As at 31 December 2018		
GBP.....	0.1	(0.1)
CNH.....	(0.5)	0.5
As at 31 December 2017		
Euro.....	0.9	(0.9)
As at 31 December 2016		
Euro.....	0.8	(0.8)
Japanese yen.....	0.4	(0.4)

The Group also has minor sensitivities in other currencies. For further information see note 26 to the 2018 Financial Statements and note 25 to the 2017 Financial Statements. In addition, note 31 to the 2018 Financial Statements and note 30 to the 2017 Financial Statements contain information on the Group's exposures by currency. The Group's only significant exposures are in U.S. dollars and currencies linked to the U.S. dollar.

#### **Equity price risk**

Equity price risk is the risk that the Group's quoted equity investments will depreciate in value due to movements in their quoted equity prices. The Risk and ALCO Committee is responsible for managing equity price risk. Periodic listed equity price movements are reviewed by executive management and the Risk and ALCO Committee. The Group believes that it has an insignificant exposure to listed equities.

#### **OPERATIONAL RISK**

Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, systems failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing. A framework and methodology has been developed to identify and control the Group's operational risks. While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place. The Group's internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios and, as part of the Group's overall business continuity planning, APICORP intends shortly to introduce crisis management communication guidelines to ensure that all appropriate initial steps are taken in relation to both internal and external stakeholders, such as customers, employees, regulators and counterparties, in the event of a crisis. In addition, an incident management system has been developed to report, assess and control operational risks across the Group.

## MANAGEMENT AND EMPLOYEES

### MANAGEMENT

#### Introduction

APICORP's governing bodies include the General Assembly, the Board and its committees and the Office of the Chief Executive Officer. The Chief Executive Officer, appointed by the Board, is responsible for all the activities of the Group under the supervision of the Board. The Chief Executive Officer is assisted by the senior management team.

#### The Board

The Board comprises one director appointed by each of the OAPEC Member States. The Board elects its chairman. Membership of the Board is for a term of four years and may be renewed for any number of successive terms. The Board meets once every three months.

The members of the current Board are listed below. Members of the Board represent their respective country's interest in APICORP and, as shown in the table below, most Board members are in current leadership positions in their countries.

<u>Name</u>	<u>Title</u>	<u>Principal occupation outside APICORP</u>	<u>Member State<sup>(1)</sup></u>
Dr. Aabed bin Abdulla Al-Saadoun	Chairman	Deputy Minister for Companies Affairs, Ministry of Petroleum & Minerals	Saudi Arabia
Mr. Salem Mohamed Hnesh	Deputy Chairman	General Manager, Libyan Arab Foreign Investment Company	Libya
Eng. Mohamed Hassan Saafan	Member	First Undersecretary, Ministry of Petroleum and Mineral Resources	Egypt
Dr. Matar Hamed Al-Neyadi	Member	Undersecretary, Ministry of Energy	UAE
Shaikh Talal Naser A. Al-Sabah	Member	Assistant Undersecretary for Administration & Finance, Ministry of Oil	Kuwait
Eng. Husam Hussein Weli	Member	Director General, South Refineries Company	Iraq
Mr. Ebrahim Ahmad Al-Mannai	Member	Manager, Project Finance and Financial Controls, Qatar Petroleum	Qatar
Mr. Farid Baka	Member	General Manager for Budget, Ministry of Finance	Algeria
Mr. Mahmood Hashim Al-Kooheji	Member	Chief Executive Officer, Bahrain Mumtalakat Holding Company	Bahrain
.....			

<sup>(1)</sup> Due to the current political situation in Syria, no representative from Syria is assigned to APICORP's Board at the date of this Base Prospectus.

The address of each Board member is the registered office of APICORP at Dammam Coastal Road, Al Rakkah, Dammam, Saudi Arabia. There are no actual or potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Group.

#### *Board committees*

The Board has established two committees: the Audit and Risk Committee and the Board Remuneration and Governance Committee.



### *The Audit and Risk Committee*

The Audit and Risk Committee oversees the Group's financial activities, internal control, corporate governance and risk governance. The Committee is responsible for oversight of the Group's:

- financial activities and reporting system;
- internal controls and risk management framework;
- audit functions; and
- legal and compliance requirements.

The Audit and Risk Committee comprises Shaikh Talal Nasser A. Al-Sabah (as Chairman), Dr. Matar Hamed Al-Neyadi (as Deputy Chairman), Mr. Farid Baka, Mr. Ebrahim Ahmad Al-Mannai and Eng. Husam Hussein Weli (as members).

### *The Board Remuneration and Governance Committee*

The Board Remuneration and Governance Committee oversees overall corporate governance frameworks and employee compensation and benefits. The Committee is responsible for:

- recommending appropriate remuneration and reward policies to the Board;
- ensuring that human resources policies and practices are in line with applicable laws and regulations;
- developing and recommending to the Board APICORP's corporate governance framework, including the production of guidelines, and the reviewing and reassessing of the adequacy of those guidelines; and
- monitoring and benchmarking local and international developments in relevant regulations against APICORP's corporate governance framework.

The Governance and Remuneration Committee comprises Dr. Aabed bin Abdulla Al-Saadoun (as Chairman), Mr. Salem Mohamed Hnesh (as Deputy Chairman), Shaikh Talal Naser A. Al-Sabah, Mr. Mahmood Hashim Al-Kooheji, Mr. Ebrahim Ahmad Al-Mannai and Eng. Mohamed Hassan Saafan (as members).

### *Senior management*

The members of the Group's senior management team are:

<b>Name</b>	<b>Title</b>
Dr. Ahmed Ali Attiga.....	Chief Executive Officer
Mr. Bennie Burger.....	Managing Director, Investments
Mr. Nicolas Thévenot.....	Managing Director, Corporate Finance
Mr. Hesham Farid .....	Managing Director, Treasury & Capital Markets
Mr. Ali Hassan Fadel .....	Director, Legal
Mr. Ajay Kumar Jha.....	Director, Risk and Compliance
Mr. Hamdi Bata.....	Director, Human Resources & Corporate Services
Ms. Basema Al Mahroos.....	Director, Portfolio Management
Dr. Sherif Ayoub.....	Chief Financial Officer, Finance & Financial Operations
Dr. Leila Benali.....	Director, Energy Research
Ms. Dina Kasrawi.....	Director, Corporate Communications & Outreach
Mr. Mohammad Khatib.....	Director, Information Technology

The address of each member of senior management is the registered office of APICORP at Dammam Coastal Road, Al Rakkah, Dammam, Saudi Arabia. There are no potential conflicts of interest between the private interests or other duties of the members of senior management listed above and their duties to the Group.

**Dr. Ahmed Ali Attiga** (Chief Executive Officer)

Dr. Attiga's career and experience span over 26 years in investment management, development finance, private equity, research and teaching. He has served at the Board of Executive Directors of the World Bank Group in Washington, D.C. as well as a Manager of a Private Equity fund for the State of Wisconsin in the United States of America. He also advised Saudi Arabia's Public Investment Fund on privatisation and restructuring strategies. In his early career, he held teaching and research positions at the University of Wisconsin-Madison and the Kuwait Institute for Scientific Research. He joined the Group in April 2017.

Dr. Attiga is a board member of the Emirates Development Bank and has served on the Royal International Commission to evaluate Jordan's privatisation programme. He is a Trustee of the Al-Amman Fund for the Future of Orphans, chaired by Her Majesty Queen Rania Al-Abduallah, and a member of the Arab Thought Forum among other various professional affiliations.

Dr. Attiga, holds three graduate degrees from the University of Wisconsin-Madison: a Ph.D. in Finance & Development, an MBA, and an M.S. in International Economics. He obtained his B.A. in Economics (*Summa cum laude*) from Kuwait University.

**Mr. Bennie Burger** (Managing Director, Investments)

Mr. Burger has over 26 years' experience in the financial services industry. He previously held a wide range of roles at The Standard Bank (at various times between 1990 and 2007), most recently as Regional Director: Corporate and Investment Banking for Southern Africa and Sector Head for Construction and Infrastructure. Between 1998 and 1999 he was a Team Leader: Commercial Banking at BOE Bank and between 1999 and 2001 he was Associate Director: Corporate Banking at PSG Investment Bank. Between 2008 and 2012 he held various roles at Al Rajhi Bank and Al Rajhi Capital, most recently as Director and Head of Investment Banking between 2010 and 2012. Between 2013 and 2014 he was Chief Financial Officer at Algihaz Holding in Saudi Arabia. He joined the Group in 2014.

Mr. Burger has a Bachelor's degree in Agricultural and Business Economics, a Bachelor's degree with Honours in Business Administration and a Master's degree in Business Administration from the University of Stellenbosch.

**Mr. Nicolas Thévenot** (Managing Director, Corporate Finance)

Mr. Thévenot has 25 years' experience in the financial services industry. He has previously worked at Crédit Agricole Indosuez in a range of roles between 1992 and 2000, most recently as Vice President-Asset Based Finance/MENA (between 1998 and 2000). He joined the Group in 2000 as head of the business group for North Africa and the Mediterranean basin in the department that handles the Group's project finance, financial advisory and trade finance activities (**P&TF**). In October 2004, he was appointed head of P&TF.

Mr. Thévenot has a Bachelor's degree and a Master's degree in Public Administration and Economics from l'Institut d'Études Politiques de Paris and a post graduate diploma in International Economics from the same institution.

**Mr. Hesham Farid** (Managing Director, Treasury & Capital Markets)

Mr. Farid has 32 years' experience in the financial services industry. He has previously been a credit officer at Misr Iran Development Bank (between 1984 and 1985) and he subsequently worked in a range of roles at Arab International Bank until 1996, most recently as Head of Fixed Income Investments (between 1990 and 1996). He joined the Group in 1996. He was promoted to Acting Executive Vice President – Treasury & Capital Markets Department in 2009 and assumed his current position in June 2010.

Mr. Farid has a Bachelor's degree and a Master's degree in Business Administration, both from The American University in Cairo.

**Mr. Ali Hassan Fadel** (Director, Legal)

Mr. Fadel is a Solicitor of the Supreme Court of England and Wales. He is also a Certified Compliance Officer of the American Academy of Financial Management. Mr. Fadel practiced as an Advocate in Sudan between 1984 and 1993. He subsequently studied in London between 1994 and 1998 where he qualified as a Solicitor and he practiced as a Solicitor in London between 1999 and 2005. He joined the Group in 2005.

Mr. Fadel graduated from the University of Khartoum with a Bachelor's degree in Law. Mr. Fadel also has a Master's degree in Commercial Law from the Queen Mary & Westfield College of the University of London and post graduate diplomas in English Law (Common Professional Examination) and in Legal Practice (Legal Practice Course) from the London Guildhall University.

**Mr. Ajay Kumar Jha** (Director, Risk and Compliance)

Mr. Jha has around 22 years' experience in the financial services industry. He has previously worked in a range of roles as follows: Loan Officer at TATA Finance Limited (1997 to 1999); Branch Manager at GE Capital, Indore (1999 to 2000); Regional Business Head, Mortgages at ICICI Bank, Kolkata (2001 to 2004); Assistant Vice President, Retail Banking at Citibank (2004 to 2008); Head-Credit & Risk Practice at Accenture (2008), Head of Risk at Amlak International Finance for Real Estate (2008 to 2009) and Head of Risk at Al Rajhi Capital (2009 to 2014). He joined the Group in 2014.

Mr. Jha has a Bachelor's degree in Chemistry from Delhi University and a Master's degree in Business Administration from the Institute of Management Studies, Indore, India.

**Mr. Hamdi Bata** (Director, Human Resources & Corporate Services)

Mr. Bata has around 15 years' experience in human resources. He previously worked at La Roche College, Pittsburgh, USA (between 2003 and 2009), most recently as Director of Academic Support (2006 to 2009), as a Managing Consultant for the Hay Group (between 2010 and 2013) and Head of Shared Services and Organisational Transformation at Castrol (between 2013 and 2015). He joined the Group in 2015.

Mr. Bata has a Bachelor's degree in International Management and Information Systems and a Master's degree in Human Resource Management – Organisational Development & Change, both from the USA.

**Ms. Basema Al Mahroos** (Director of Portfolio Management)

Ms. Al Mahroos has 23 years' experience in the oil and gas sector, She previously worked at BAPCO in a range of roles, including as Manager (Planning & Development), Senior Coordinator (Planning & Economics), Senior Coordinator (Supply and Marine Operations) and Senior Process Engineer. She joined the Group in 2010.

Ms. Al Mahroos has a Bachelor's degree in Chemical Engineering (University of Bahrain) and a Master's degree in Finance from DePaul University, Charles H. Kellstadt Graduate School of Business, USA.

**Dr. Sherif Ayoub** (Chief Financial Officer)

Dr. Ayoub has over 20 years' experience in the financial sector. He has previously held several senior roles at the Islamic Development Bank (IsDB) at the Africa Department and the Islamic Corporation for the Development of the Private Sector, the Islamic Financial Services Department. While with the Islamic Corporation for the Development of the Private Sector, he was seconded to the Islamic Financial Services Board (IFSB) in Kuala Lumpur, Malaysia where he served as Assistant Secretary General. Mr Ayoub has also previously worked at A.T. Kearney, the US Government, the United Nations, and the World Bank. He joined the Group in February 2019.

Dr. Ayoub has a PhD in Finance from Edinburgh University, a Master's degree from Columbia University and Bachelor's degree from Baldwin Wallace University. Dr Ayoub is also a CFA Charter holder and a Certified Public Accountant (CPA).

**Dr. Leila Benali** (Chief Economist, Energy Economics, Strategy and Sustainability)

Dr. Benali has over 20 years' experience in strategy and sustainability. She previously worked at Saudi Aramco where she handled energy policy and gas strategy. Dr. Benali also served as a Director at HIS CERA (Cambridge Energy Research Associates), now IHSMarkit, and has also worked for Schlumberger. She has taught energy courses in various universities and is an active member of several leading energy associations. She joined the Group in December 2018.

Dr. Benali holds a Master of Science degree in Political Science and a PhD in Energy Economics from the Institute d'Etudes Politiques, France.

**Ms. Dina Kasrawi** (Director of Corporate Communications)

Ms. Kasrawi has over 24 years' experience in strategic communications in financial services, government communications and fintech. Previously, she was Global Head of Marketing and Communications at PineBridge Investments, and Vice President of Communications at Bahrain's sovereign wealth fund, Bahrain Mumtalakat Holding Company. She has also worked with the World Bank on government economic communications on behalf of the governments of Kuwait, Bahrain, Malawi, Yemen, Qatar and Ras Al Khaimah. She has also led communications at the Bahrain Economic Development Board and advised the Abu Dhabi General Secretariat of the Executive Council. She joined the Group in November 2018.

Ms. Kasrawi has an MBA from Columbia Business School, an MA in International Public Communications from American University, Washington, D.C. and a BA in English Linguistics from the University of Kuwait.

**Mr. Mohammad Khatib** (Director of Information Technology)

Mr. Khatib has over 24 years' experience in IT. Previously, he was a senior consultant with Market Management Improvement Services (MMIS). He served as the Chief Information Officer at the Amman Stock Exchange, and prior to that as Chief Information Officer at Bank Al Etihad. In his most recent role, he was a director at the Global Business Bureau in Dubai. He joined the Group in January 2019.

Mr. Khatib has a Master's degree in Analysis, Design and Management of Information Systems (ADMIS) at the London School of Economics.

**Management committees**

The Group has four management level committees.

*Executive Management Committee*

The Executive Management Committee's responsibilities include:

- reviewing and recommending the Group's corporate strategy, annual budget, business plan, human resource policy and corporate governance policy;
- periodically reviewing the Group's financial performance against its approved plan; and
- managing dispute solutions, crisis situations and key reputational risk events.

The Executive Management Committee comprises the Chief Executive Officer (as Chairman), the Deputy Chief Executive Officer and the heads of T&CM, Investments, Corporate Finance, Finance, Corporate Strategy, Risk Management & Compliance, Legal, IT, Operations, Energy Research and Human Resources & Corporate Services.

The committee generally meets monthly.

*Credit and Investment Committee*

The Credit and Investment Committee's responsibilities include:

- reviewing and recommending to the Board new debt-related transactions, equity investment proposals, and direct investment and exit guidelines;
- reviewing renewals and extensions of existing credit facilities and non-performing credit facilities;
- ensuring compliance with credit policies and procedures, and direct investments and exit guidelines; and
- reviewing joint ventures, feasibility studies and due diligence reports.

The Credit and Investment Committee comprises the Chief Executive Officer (as Chairman), the Deputy Chief Executive Officer and the heads of Finance, T&CM, Corporate Finance, Investments, Corporate Strategy, Risk Management & Compliance and Energy Research.

The committee met more than 20 times in 2018 and more than 18 times in 2017.

#### *The Risk and ALCO Committee*

The Risk and ALCO Committee's responsibilities include:

- reviewing the Group's funding strategy, external rating, asset and liability composition and maturity profile, capital structure and various financial ratios, including capital adequacy, cost of funding and pricing policies;
- reviewing and recommending risk management policies and procedures, internal rating models, asset liability management policy, liquidity policy and liquidity contingency policy and plan;
- recommending and reporting key risk parameters and positions to the Board Audit and Risk Committee;
- monitoring and reviewing all aspects of regulatory and legal compliance;
- performing oversight of market, interest and foreign exchange risks; and
- monitoring the Group's liquidity position.

The Risk and ALCO Committee comprises the Chief Executive Officer (as Chairman), the Deputy Chief Executive Officer and the heads of Corporate Strategy, Investments, Corporate Finance, T&CM, Risk Management & Compliance and Finance.

The committee met 6 times in 2018 and four times in 2017.

#### *Tender and Bid Committee*

The Tender and Bid Committee's responsibilities include:

- approving and awarding contracts within its approved budget and authority;
- reviewing and recommending tender and bid policies and procedures, including the vendor selection process;
- ensuring the development of clear guidelines for bidders;
- ensuring that ethical practices are followed and recorded; and
- facilitating purchase decisions within its authority.

The Tender and Bid Committee comprises the Managing Director, T&CM (as Chairman) and the heads of Finance and Risk and Compliance and Head of Investments.

The committee met 49 times in 2018 and 14 times in 2017.

## **COMPENSATION**

The aggregate remuneration (comprising benefits, fees and charges) of the members of APICORP's Board and its key management amounted to U.S.\$4.7 million in 2018, U.S.\$5.2 million in 2017 and U.S.\$4.2 million in 2016.

## **EMPLOYEES**

As at 31 December 2018, APICORP had 118 full-time employees, compared to 110 at 31 December 2017 and 111 at 31 December 2016. APICORP embraces diversity and there were 18 different nationalities among its employees as at 31 December 2018.

APICORP is a performance-driven organisation and this is reflected in its reward philosophy which links performance to rewards. It aims to pay competitive rates of remuneration and seeks to match best pay practices in the GCC markets. It offers its employees a wide range of benefits, including housing and transportation allowances and annual air flight tickets to and from their countries of origin for employees and their families on a yearly basis. It also offers relocation packages, subscription allocations, premium health coverage, life insurance and different work life balance programmes. It pays employee-differentiated bonuses in accordance with performance scorecards, as well as paying above market average end of service benefits. It also provides a comprehensive training and development programme for all its employees.

APICORP believes that its employees are its most important asset and focuses on ensuring optimal working conditions for its employees.

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent. Defined terms used below have the meanings given to them in the Conditions.

### Master Purchase Agreement

The Master Purchase Agreement will be entered into on 9 May 2019 between the Trustee (in its capacity as "**Purchaser**") and APICORP (in its capacity as "**Seller**") and is governed by English law. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by English law.

Pursuant to the Master Purchase Agreement, the Seller may, from time to time, agree to sell, transfer and convey to the Purchaser, and the Purchaser may, from time to time, agree to purchase and accept the transfer and conveyance from the Seller of all of the Seller's rights, title, interests, benefits and entitlements, present and future, in, to and under, the Initial Wakala Assets for the Purchase Price specified in the applicable Final Terms, which will be payable on the Issue Date of the relevant Series. The relevant Initial Wakala Assets will be set out in the schedule to the relevant Supplemental Purchase Agreement.

The proportion of the Purchase Price payable in respect of each such Initial Wakala Asset shall be an amount equal to the Value of that Wakala Asset.

### Wakala Agreement

The Wakala Agreement will be entered into on 9 May 2019 between the Trustee and APICORP (in its capacity as Wakeel) and is governed by English law.

Pursuant to the Wakala Agreement, the Trustee will appoint the Wakeel to manage the Wakala Assets relating to each Series. In particular, the Wakeel, in relation to each Series:

- (a) shall complete the Wakala Investment Plan on the Issue Date for the Series;
- (b) if the Trustee issues additional trust certificates in respect of an existing Series, it shall as soon as practicable after such issuance amend the Wakala Investment Plan for that Series to take into account the issuance of such additional trust certificates;
- (c) shall manage the relevant Wakala Assets in accordance with the Wakala Investment Plan and the terms of the Wakala Agreement;
- (d) shall:
  - (i) ensure that on the Issue Date of the Series, the Value of the Wakala Assets that are Tangible Assets shall be equal to no less than 51 per cent. of the face amount of the Certificates for that Series;
  - (ii) ensure that on the Issue Date of the Series the Value of the Wakala Assets that are Ijara Assets and/or Tangible Sukuk shall be equal to no less than 26 per cent. of the face amount of the Certificates for that Series; and
  - (iii) use reasonable endeavours to ensure that at all times after the Issue Date of the Series, the Value of the Wakala Assets that are Tangible Assets shall be equal to no less than 33 per cent. of the Value of the Wakala Portfolio Value for that Series (the "**Tangible Ratio Requirement**");
- (e) with respect to the Shares, shall:
  - (i) monitor the activities and financial information of the Relevant Company in which the Shares are issued in order to check on an annual basis, in consultation with, and acting on advice from, its *Shari'a* adviser whether such Shares satisfy the Eligibility Criteria; and

- (ii) exercise (or refrain from exercising) all voting rights and take (or refrain from taking) all corporate actions in relation to the Shares in its sole and absolute discretion on behalf of the Trustee, provided that such action or exercise of such voting rights is not prejudicial to the interests of the Certificateholders, without any requirement for any such action or voting to be notified to, or consented by, the Trustee, the Delegate or the Certificateholders;
- (f) shall use its reasonable endeavours, in the event that there are Principal Revenues standing to the credit of the Principal Collection Account:
- (i) to the extent that APICORP has Eligible Wakala Assets available for sale to the Trustee to notify the Trustee of:
    - (A) the amount standing to the credit of the Principal Collection Account which can be used for the purposes of purchasing the Eligible Wakala Assets (which amount shall not be greater than the Value of such Eligible Wakala Assets); and
    - (B) the details and Value of such proposed Eligible Wakala Assets,
 to allow the Trustee to have sufficient information to enable it to exercise the Purchase Undertaking; and
  - (ii) provided that, to the extent that APICORP does not have any Eligible Wakala Assets available for sale to the Trustee, the Wakeel may invest such Principal Revenues in *Shari'a*-Compliant Investments provided that such *Shari'a*-Compliant investments are liquidated as soon as reasonably practicable if: (i) the Tangible Ratio Requirement is not being complied with; and (ii) Eligible Wakala Assets become available for purchase;
- (g) shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) in accordance with its usual practices that it considers reasonably necessary to ensure the assumption of, and compliance by each Wakala Asset Obligor with its covenants, undertakings or other obligations under the relevant Wakala Asset in accordance with applicable law and the terms of the Wakala Asset;
- (h) it shall discharge or procure the discharge of all obligations to be discharged by the Trustee in respect of any of the Wakala Assets, it being acknowledged that the Wakeel may appoint one or more agents to discharge these obligations on its behalf;
- (i) it shall pay on behalf of the Trustee any actual costs, expenses, losses and Taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Assets;
- (j) it shall use its reasonable endeavours to ensure the timely receipt of all Wakala Asset Revenues (free and clear of, and without withholding or deduction for, Taxes), investigate non-payment of Wakala Asset Revenues and generally make all efforts to collect or enforce the collection of such Wakala Asset Revenues under all Wakala Assets as and when the same shall become due;
- (k) its shall ensure that each Wakala Asset Obligor is in compliance with their obligations in respect of the Wakala Assets (including those of maintenance and insurance in the case of the Ijara Assets and other Tangible Assets);
- (l) it shall use its reasonable endeavours to ensure that the Income Revenues are at least equal to the Expected Income Revenues Amount;
- (m) it shall maintain the Collection Accounts and the Reserve Account, in each case in accordance with clause 5 (*Accounts*) of the Wakala Agreement;
- (n) if, following payment of amounts standing to the credit of the Reserve Account as described in clause 5.7(a) of the Wakala Agreement, a Shortfall Amount remains on any Wakala Distribution Determination Date, it may provide *Shari'a*-compliant funding to the Trustee to the extent necessary to ensure that the Trustee receives on each Wakala Distribution Determination Date the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date, by payment of the same into the Transaction Account and on terms that such funding is repayable: (i) in accordance with the provisions of clause



5.4(c) of the Wakala Agreement; or (ii) on the relevant Dissolution Date (such funding in relation to a Series, a "**Liquidity Facility**");

- (o) it shall notify the Trustee promptly if in respect of any Wakala Asset any of the representations and warranties contained in clause 4.2 of the Master Purchase Agreement cease to be true and correct, (the occurrence of such event or circumstance being an "**Impaired Wakala Asset Event**"); and
- (p) it shall, together with any notice delivered in accordance with clause 4.1(o) of the Wakala Agreement, notify the Trustee of the availability (if any), together with all necessary details, of any Eligible Wakala Assets for the purposes of substituting the Wakala Asset in respect of which an Impaired Wakala Asset Event has occurred in accordance with the terms of the Purchase Undertaking.

The Wakeel performs its duties under the Wakala Agreement in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

APICORP is entitled to receive a fee for acting as Wakeel which comprises a fixed fee of U.S.\$100 (the receipt and adequacy of which is acknowledged by the Wakeel under the Wakala Agreement) and may also receive incentive payments as described below.

In relation to each of the Ijara Assets comprised in a Wakala Portfolio, the Wakeel shall ensure that:

- (a) such Ijara Assets are insured at all times against total loss and expropriation in an amount at least equal to the Value of that Ijara Asset (the "**Insurance Coverage Amount**") and that such insurance policies are maintained on a *Shari'a*-compliant takaful basis and with reputable insurers in good financial standing; and
- (b) in the event of a total loss or expropriation of any such Ijara Assets, the insurance policies relating to such Ijara Assets provide for an amount at least equal to the Insurance Coverage Amount of the relevant Ijara Asset to be paid to the Wakeel to the Principal Collection Account in the Specified Currency by no later than close of business on the date falling thirty calendar days after the occurrence of such total loss or expropriation.

Without prejudice to the requirements of the following paragraph, for the avoidance of doubt, the Wakeel and the Trustee acknowledge that a failure by the Wakeel to comply with the insurance obligations set out above shall not constitute a Dissolution Event and the sole remedy of the Trustee for any failure by the Wakeel to comply with the provisions set out in the paragraph above shall be to claim against the Wakeel for any Insurance Shortfall Amount pursuant to the following paragraph.

In the event that the relevant insurance company fails to pay the Insurance Coverage Amount relating to an Ijara Asset to the Wakeel, by crediting such amount to the Principal Collection Account, within thirty calendar days of a total loss or expropriation of that Ijara Asset and the Wakeel is unable to unequivocally prove that it complied with all of its obligations set out above or where the Wakeel has failed to maintain or ensure the maintenance of any insurances over the Ijara Assets in breach of its obligations set out above:

- (a) the Wakeel acknowledges that it shall have failed to comply with its obligations set out above; and
- (b) the Wakeel irrevocably and unconditionally undertakes to pay in the Specified Currency on the 31<sup>st</sup> day after the occurrence of the total loss or expropriation, in same day funds (free and clear of any withholding or deduction or any set off or any counterclaim), an amount equal to the difference between the insurance proceeds credited to the Principal Collection Account and the Insurance Coverage Amount, in each case, in respect of the relevant Ijara Asset, directly into the Principal Collection Account (the "**Insurance Shortfall Amount**").

The Wakeel will maintain, in relation to each Series, three book-entry ledger accounts (referred to as the "**Income Collection Account**", the "**Principal Collection Account**" and the "**Reserve Account**"), each of which shall be denominated in the Specified Currency.

All Wakala Asset Revenues relating to a Series will be recorded as follows:

- (a) if any such amounts comprise Income Revenues, in the Income Collection Account; and

- (b) if any such amounts comprise Principal Revenues, in the Principal Collection Account.

The Wakeel will be entitled to deduct amounts standing to the credit of the Income Collection Account of each Series at any time during the relevant Wakala Ownership Period and to use such amounts for its own account, provided that any Income Revenues so deducted are re-credited to the Income Collection Account on or prior to each relevant Wakala Distribution Determination Date for the purposes of application by the Wakeel pursuant to the paragraph below.

In relation to each Series, amounts standing to the credit of the Income Collection Account will be applied by the Wakeel on each Wakala Distribution Determination Date in the following order of priority:

- (a) *first*, in payment into the Transaction Account an amount equal to the Required Amount payable on the Periodic Distribution Date falling one Business Day after such Wakala Distribution Determination Date;
- (b) *second*, in payment to the Wakeel on behalf of the Trustee of any due but unpaid Wakeel Liabilities Amounts in respect of the Wakala Distribution Period ending immediately before the immediately following Wakala Distribution Date and (if applicable) any Wakeel Liabilities Amounts for any previous period that remains unpaid;
- (c) *third*, in repayment to the Wakeel of any amounts advanced by it to the Trustee by way of a Liquidity Facility; and
- (d) *fourth*, to the Reserve Account.

If on the Business Day prior to a Periodic Distribution Date the amounts standing to the credit of the Income Collection Account are less than the relevant Required Amount, the Wakeel shall deduct amounts standing to the credit of the Reserve Account towards funding such shortfall and, if such amounts standing to the credit of the Reserve Account are insufficient for such purpose, the Wakeel may provide to the Trustee a Liquidity Facility to ensure the Trustee receives the Required Amount on such Periodic Distribution Date to pay the relevant Periodic Distribution Amount, by paying the amounts so advanced into the Transaction Account on the Business Day immediately preceding the relevant Periodic Distribution Date. Any Liquidity Facility shall be provided on terms that it is repayable from Income Revenues in accordance with paragraph (b) above or on the Dissolution Date.

The Wakeel is entitled to deduct amounts standing to the credit of the Reserve Account at any time and use such amounts for its own account, provided that such amounts shall be immediately repaid by it if so required to fund any shortfall as described above. Following payment of all amounts due and payable under the Certificates of a Series, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for that Series for its own account as an incentive payment for acting as Wakeel.

The Wakeel shall use its best endeavours to keep detailed records of all movements in the Collection Accounts and Reserve Account for each Series and, if so requested, and except to the extent it is under any duty or obligation imposed by applicable law or regulation to keep such information confidential, provide the Trustee with copies of such records and any other information or details in relation to the Collection Accounts and Reserve Account as the Trustee may request.

The Wakeel will agree in the Wakala Agreement (and except as provided herein) that all payments by it under the Wakala Agreement will be made without any withholding or deduction for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any such withholding or deduction, the Wakeel shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Wakeel will agree in the Wakala Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee no later than the due date for payment of such amounts under the Certificates. The payment obligations of the Wakeel under the Wakala Agreement will be direct, unsubordinated and unsecured obligations of the Wakeel and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions

described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Wakeel, present and future.

### **Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on 9 May 2019 by APICORP as obligor in favour of the Trustee and the Delegate and is governed by English law.

APICORP will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate to purchase and accept the transfer and conveyance of all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets on the Scheduled Dissolution Date or any earlier due date for dissolution following the occurrence of a Dissolution Event, as the case may be, at the Exercise Price by entering into a sale agreement.

If the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an Exercise Notice will be required to be delivered by the Delegate under the Purchase Undertaking.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Certificateholder Put Right Date, in which case APICORP will be required to purchase and accept the transfer and conveyance of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportion of the Wakala Assets not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Certificateholder Put Right by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series, at the Certificateholder Put Right Exercise Price.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking if the Trustee has received notice, or otherwise become aware, of the occurrence of an Impaired Wakala Asset Event, in which case APICORP shall purchase and accept the transfer and conveyance from the Trustee on the relevant Impaired Wakala Asset Exercise Date all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the relevant Impaired Wakala Assets:

- (a) against the transfer and conveyance to the Trustee of all of APICORP's rights, title, interests, benefits and entitlements, present and future, in, to and under certain New Assets; or
- (b) in the event that APICORP does not have New Assets available for such purpose, at the Impaired Wakala Asset Exercise Price.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following the occurrence of an Additional Wakala Asset Event, in which case APICORP shall sell, transfer and convey to the Trustee on the relevant Additional Wakala Asset Date all of its rights, title, interests, benefits and entitlements, present and future, in, to and under certain New Assets against the payment by the Trustee of an amount equal to the Additional Wakala Asset Purchase Price.

APICORP will covenant and undertake in the Purchase Undertaking that if the relevant exercise price is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purposes of redemption in full of the outstanding Certificates of such Series, and, accordingly, the amount payable under any such indemnity claim will equal the relevant exercise price.

APICORP will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any withholding or deduction for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any withholding or deduction, APICORP shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), APICORP will agree in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee no later than the due date for payment of such amounts under the Certificates. The payment obligations of APICORP under the Purchase Undertaking will be direct, unsubordinated and unsecured obligations of APICORP and shall, save for such exceptions as may be provided by applicable legislation

and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of APICORP, present and future.

In the Purchase Undertaking, APICORP will undertake to comply with all provisions of the Conditions and the Transaction Documents to which it is a party and which are expressed to be applicable to it including, without limitation the negative pledge provisions described in Condition 6.2 (*Negative Pledge*) and the use of proceeds provisions described in Condition 6.3 (*Use of Proceeds*).

APICORP will acknowledge and agree that, where the proportion of a Wakala Asset as described above is less than the whole of that Wakala Asset, and without affecting the amount of the Exercise Price or Certificateholder Put Right Exercise Price (as applicable), a sale agreement shall not be entered into in respect of part of that Wakala Asset (the "**Relevant Wakala Asset**") and the sale, transfer and conveyance to APICORP of such Relevant Wakala Asset shall be deferred until such time as the Exercise Price or the Certificateholders Put Right Exercise Price, as the case may be, becomes payable by APICORP in relation to such Relevant Wakala Asset in full (the "**Relevant Transfer Date**"), and the Trustee shall hold its interest in the Relevant Wakala Asset for the benefit of APICORP, until the Relevant Transfer Date.

### **Sale Undertaking**

The Sale Undertaking will be executed as a deed on 9 May 2019 by the Trustee in favour of APICORP and is governed by English law.

Pursuant to the Sale Undertaking, the Trustee will irrevocably grant to APICORP the right:

- (a) on the conditions described in Condition 8.2 (*Early Dissolution for Taxation Reasons*), to require the Trustee to sell, transfer and convey to APICORP on the Early Tax Dissolution Date all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Assets at the Exercise Price by executing a sale agreement;
- (b) if and to the extent that any Certificates have been purchased and are to be cancelled pursuant to Condition 8.7 (*Purchases*) and 8.8 (*Cancellation*), to require the Trustee to sell, transfer and convey to APICORP all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportion of the Wakala Assets not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Certificates to be cancelled pursuant to Condition 8.7 (*Purchases*) and Condition 8.8 (*Cancellation*) by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series by executing a sale agreement;
- (c) provided that Optional Dissolution Right is specified as applicable in the applicable Final Terms and APICORP has exercised the Optional Dissolution Right in accordance with the Conditions, to require the Trustee to sell, transfer and convey to APICORP all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under a proportion of the Wakala Assets not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Optional Dissolution Right by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series, at the Optional Dissolution Exercise Price by executing a sale agreement;
- (d) if and to the extent the Trustee has exercised its rights under Condition 21 (*Further Issues*) to issue an additional Tranche of Certificates in respect of a Series, to require the Trustee to accept the transfer of all of APICORP's rights, title, interests, benefits and entitlements, present and future, in, to and under certain additional Eligible Wakala Assets (the "**Additional Assets**") at the Additional Exercise Price by executing a sale agreement, provided that:
  - (i) the Value of the Additional Assets is no less than the face amount of the Certificates issued pursuant to such additional Tranche; and
  - (ii) no less than 51 per cent. of the Additional Assets comprise of Tangible Assets; and
- (e) to require, from time to time at APICORP's sole discretion, the Trustee to sell, transfer and convey all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under any or all of the Wakala Assets (the "**Substituted Assets**") to it in exchange for New Assets of a Value which is equal to or greater than the Value of the Substituted Assets (as certified by

APICORP in the relevant Substitution Notice), and provided that the New Assets are Eligible Wakala Assets. The substitution of the Substituted Assets with the New Assets will become effective on the date specified in the substitution notice to be delivered by APICORP, by the Trustee and APICORP entering into a sale agreement. The New Assets and any Wakala Assets not replaced on the Substitution Date will constitute the Wakala Assets for the relevant Series for the purposes of the Wakala Agreement.

APICORP will acknowledge and agree that, where the proportion of a Wakala Asset as described above is less than the whole of that Wakala Asset, and without affecting the amount of the Exercise Price or Optional Dissolution Exercise Price payable (as applicable), a sale agreement shall not be entered into in respect of part of that Wakala Asset and the possible sale, transfer and conveyance to APICORP of such proportion of that Wakala Asset shall be deferred until the next Dissolution Date for the relevant Series provided that such proportion can be sold, transferred and conveyed as part of the relevant portfolio of Wakala Assets being sold, transferred and conveyed on that Dissolution Date.

Upon exercise of the rights granted to APICORP under the Sale Undertaking and outlined in paragraphs (a) and (c) above, APICORP will agree in the relevant Exercise Notice that it will make payment of the Exercise Price or Optional Dissolution Exercise Price (as applicable) in full made without any withholding or deduction for or on account of any Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off (except pursuant to clause 3.8 of the Sale Undertaking) or counterclaim of any kind and, in the event that there is any withholding or deduction, APICORP shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made.

#### **Master Murabaha Agreement**

In connection with each Series of Certificates, the Trustee may desire to enter into a Commodity Murabaha Investment with APICORP (in its capacity as buyer, the "**Buyer**") using a portion of the issue proceeds of the Series as specified in the applicable Final Terms.

Pursuant to the Master Murabaha Agreement, the Trustee will undertake that, on receipt of a Notice of Request to Purchase from the Buyer, the Trustee (acting through the Commodity Agent) shall purchase the relevant Commodities on or before 1:00 p.m. London time on the Issue Date from a Commodity Supplier on a spot basis at the relevant Commodity Purchase Price.

Following the purchase of the Commodities by the Trustee (acting through the Commodity Agent) provided that the Trustee has acquired title to, and (actual or constructive) possession of, the Commodities, the Trustee may deliver to the Buyer a duly completed Offer Notice on or before 3:00 p.m. London time on the Issue Date indicating the Trustee's acceptance of the terms of the relevant Notice of Request to Purchase.

Pursuant to the Master Murabaha Agreement, the Buyer will irrevocably and unconditionally undertake to accept the terms of, countersign and deliver to the Trustee any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the Notice of Request to Purchase) purchase the Commodities acquired by the Trustee (acting through the Commodity Agent) from the Trustee for the Deferred Sale Price (to be paid in the Specified Currency and amounts and on the dates as specified in the relevant Offer Notice) in accordance with the terms of the Master Murabaha Agreement, in each case, by countersigning and delivering to the Trustee the Offer Notice on or before 3:30 p.m. London time on the Issue Date.

As soon as the Buyer has countersigned the Offer Notice, a Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement, the Trustee shall sell and the Buyer shall buy the Commodities and ownership of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

The Buyer may following the purchase of the Commodities by the Buyer from the Trustee, and provided that the Buyer has acquired title to, and possession of, the Commodities, sell those Commodities to a third party.

The Buyer will agree in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement will be made without any withholding or deduction for or on account of any present or future

Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any withholding or deduction, the Buyer shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made and accordingly the Buyer undertakes to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the Specified Currency and in the manner prescribed in the Master Murabaha Agreement. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Buyer will agree in the Master Murabaha Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee no later than the due date for payment of such amounts under the Certificates.

The payment obligations of the Buyer under the Master Murabaha Agreement and each Murabaha Contract will be direct, unsubordinated and unsecured obligations of the Buyer and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Buyer, present and future.

### **The Master Trust Deed**

The Master Trust Deed will be entered into on 9 May 2019 between the Trustee, APICORP and the Delegate and is governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Series of Certificates and will also be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), amongst other things, the cash proceeds of the issue of the Certificates, the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Sukuk Assets from time to time (other than in relation to any representations given by APICORP to the Trustee and/or the Delegate under any documents constituting the Sukuk Assets from time to time) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5.1 (*Trust Assets*).

Pursuant to the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries in respect of that Series only; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed.

The Trustee will irrevocably and unconditionally appoint the Delegate to be its attorney and to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), rights, authorities and discretions vested in the Trustee by the Master Trust Deed that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, to (i) exercise all of the rights of the Trustee under the Purchase Undertaking, the Master Murabaha Agreement (if applicable to a Series) and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed. The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Trust Deed will specify that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series. The Certificateholders have no claim or recourse against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

A non-interest bearing Transaction Account maintained in London will be established in respect of each Series of Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise revenues from the Wakala Assets other than in the nature of sale, capital or principal payments, and amounts of the Deferred Sale Price paid by APICORP pursuant to a Commodity Murabaha Investment (see "*Summary of the Principal Transaction Documents – Wakala Agreement*" and "*Summary of the Principal Transaction Documents – Master Murabaha Agreement*"). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5.2 (*Application of Proceeds from Trust Assets*).

APICORP will covenant and undertake in the Master Trust Deed that if the relevant exercise price is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, APICORP shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purposes of redemption in full of the outstanding Certificates of such Series, and, accordingly, the amount payable under any such indemnity claim will equal the relevant exercise price. APICORP will further covenant and undertake in the Master Trust Deed that if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purposes of redemption of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

### **Shari'a Compliance**

Each Transaction Document to which it is a party provides that each of the Trustee and APICORP will agree that it has accepted the *Shari'a* compliant nature of the Transaction Documents and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which is a party are not compliant with the principles of *Shari'a*.

### **Defined Terms**

"**Additional Certificates Issue Date**" means, in relation to the issue of additional trust certificates in connection with a Series pursuant to Condition 21 (*Further Issues*), each date on which additional trust certificates are issued;

"**Additional Exercise Price**" means in relation to the issue of an additional Tranche of Certificates in respect of a Series, an amount equal to the proceeds of issue of such additional Tranche of Certificates;

"**Additional Wakala Asset Date**" means the date specified as such in an Additional Wakala Asset Exercise Notice;

"**Additional Wakala Asset Event**" means at any time APICORP has Eligible Wakala Assets available for sale to the Trustee and there are either Principal Revenues standing to the credit of the Principal Collection Account or *Shari'a*-Compliant Investments which can be liquidated, in each case, for the purposes of purchasing such Eligible Wakala Assets;

"**Additional Wakala Asset Exercise Notice**" means a notice substantially in the form set out in Schedule 3 (*Form of Additional Wakala Asset Exercise Notice*) of the Purchase Undertaking;

"**Additional Wakala Asset Purchase Price**" means the amount specified as such in an Additional Wakala Asset Exercise Notice which shall be no greater than the Value of the New Asset(s) specified in such Additional Wakala Asset Exercise Notice;

**"Business Day"** means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Certificateholder Put Right Exercise Price"** means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Certificateholder Put Right for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakeel Liabilities Amounts and any other Priority Amounts which remain outstanding at the Certificateholder Put Right Date); plus
- (e) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Certificateholder Put Right as specified in the applicable Final Terms;

*less*

- (f) if a Commodity Murabaha Investment forms part of the relevant Series, all amounts in respect of the outstanding Deferred Sale Price which have been paid into the Transaction Account in accordance with clause 7.1.6 of the Master Murabaha Agreement and which shall be available on the Certificateholder Put Right Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Certificateholder Put Right; and
- (g) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Wakala Agreement and which shall be available on the applicable Certificateholder Put Right Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Certificateholder Put Right;

**"Certificateholders Put Right Proportion"** means such proportion as is determined by dividing (i) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Certificateholders Put Right by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series;

**"Collection Accounts"** means the Income Collection Account and the Principal Collection Account;

**"Commodities"** means any of the commodities traded over the counter, which comprise any *Shari'a* compliant London Metal Exchange approved non-ferrous base metals, platinum group metals, or other *Shari'a* compliant commodities acceptable to the Buyer and the Seller, which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults;

**"Commodity Murabaha Investment"** means, in relation to a Series, the sale of certain Commodities by the Trustee to the Buyer, which Commodities were initially purchased by the Trustee using a proportion of the proceeds of the issue of the Certificates, pursuant to this Agreement and having the terms set out in the relevant Murabaha Contract;



"**Commodity Purchase Price**" means, in relation to each Series and the corresponding Murabaha Contract, the aggregate amount payable to the relevant Commodity Supplier by or on behalf of the Trustee for the purchase of the Commodities from the relevant Commodity Supplier by the Trustee, specified as such in the relevant Notice of Request to Purchase and which amount shall be equal to the relevant Murabaha Investment Amount;

"**Commodity Supplier**" means the vendor of Commodities as specified in the relevant Notice of Request to Purchase;

"**Deferred Sale Price**" means, in relation to a Murabaha Contract, the aggregate of the applicable Commodity Purchase Price and Murabaha Profit and specified as such in the Offer Notice and Notice of Request to Purchase;

"**Eligibility Criteria**" means:

- (a) in respect of any Wakala Assets (other than Shares), the relevant Wakala Asset is an asset:
    - (i) which constitutes legal, valid, binding and enforceable obligations of the obligor thereof in the jurisdiction in which such obligor is located and, in the case of an Ijara Asset, in the jurisdiction in which the related asset in respect of such Ijara Asset is located;
    - (ii) in respect of which the Seller is entitled to receive all payments or proceeds of sale (as the case may be); and
    - (iii) in respect of which the Seller's rights, title, interests, benefits and entitlements therein are capable of being sold, transferred and assigned by the Seller to the Purchaser in accordance with all applicable laws, its own terms and the terms set out in this Agreement;
  - (b) in respect of any Share:
    - (i) the relevant company that has issued such Share (the "**Relevant Company**") complies with the following requirements:
      - (A) its core business activities comply with the principles of *Shari'a* and, in particular, the Relevant Company does not undertake core business activities or core investments in the following industry sectors:
        - (1) conventional finance, conventional insurance, alcohol;
        - (2) pork-related products and production, packaging and processing of food that is prohibited under *Shari'a* or any other activities related to pork and food that is prohibited under *Shari'a*;
        - (3) advertising and media (excluding media and advertising companies generating revenues in excess of sixty-five per cent. (65%) of total income from the GCC countries, newspapers, news channels and sports channels);
        - (4) tobacco, cloning, gambling, pornography;
        - (5) trading of gold and silver as cash on deferred basis, and
      - (B) its total conventional finance debt obligations are:
        - (1) if the Shares are unlisted, less than 33 per cent. of its total assets; or
        - (2) if Shares are listed, its average market capitalisation over the past 36 months
- (in each case, as specified in its most recent set of audited financial statements)  
(for the avoidance of doubt, this ratio excludes the Islamic finance debt obligations of the company);

- (C) its total cash plus interest bearing investments and deposits are:
  - (1) if the Shares are unlisted, less than 33 per cent. of its total assets; or
  - (2) if the Shares are listed, its average market capitalisation over the past 36 months,
 (in each case, as specified in its most recent set of audited financial statements);
- (D) its accounts receivables are:
  - (1) if the Shares are unlisted, less than 49 per cent. of its total assets; or
  - (2) if the Shares are listed, its average market capitalisation over the past 36 months,
 (in each case, as specified in its most recent set of audited financial statements); and
- (E) its total revenue per annum from non-permissible income (other than interest income) that does not comply with *Shari'a* does not exceed more than 5 per cent. of its total revenues per annum (as specified in its most recent set of audited financial statements);
- (ii) the Shares are fully paid; and
- (iii) all Taxes and other outstanding monetary obligations due and payable in respect of the Shares have been paid in full;

**"Eligible Wakala Asset"** means Tangible Assets and Intangible Assets which comply with the Eligibility Criteria;

**"Exercise Notice"** means:

- (a) in connection with the Purchase Undertaking, a notice substantially in the form set out in Schedule 1 (*Form of Exercise Notice*) of the Purchase Undertaking; and
- (b) in connection with the Sale Undertaking, a notice substantially in the form set out in Schedule 1 (*Form of Exercise Notice*) of the Sale Undertaking;

**"Exercise Price"** means, in relation to each Series, the aggregate of:

- (a) the aggregate face amount of Certificates then outstanding for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates; plus
- (c) an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakeel Liabilities Amounts and any other Priority Amounts which remain outstanding at the Dissolution Event Redemption Date or Scheduled Dissolution Date (as the case may be)); plus
- (e) any other amounts payable on redemption of the Certificates as specified in the applicable Final Terms;

less

- (f) if a Commodity Murabaha Investment forms part of the relevant Series, all amounts in respect of the outstanding Deferred Sale Price which have been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement and which shall be available on the

applicable Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates; and

- (g) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Wakala Agreement and which shall be available on the applicable Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates;

**"Expected Income Revenues Amount"** means, in relation to each Series, the amount specified as such in the Wakala Investment Plan;

**"Final Terms"** means, in relation to each Series, the applicable final terms of that Series as completed by the Trustee at the time of issue of that Series;

**"First Wakala Distribution Date"** means, in relation to each Series, the date specified as such in the relevant Wakala Investment Plan;

**"Ijara Asset"** means an asset in relation to which APICORP or any person on its behalf has entered into an Ijara Contract (and includes that Ijara Contract and all rights of the lessor under such Ijara Contract); **provided, however, that** such asset is in existence on the date on which it forms part of the relevant Wakala Portfolio;

**"Ijara Contract"** means:

- (a) an *ijara* contract entered into by APICORP or any person on its behalf (as lessor) and another person (as lessee) pursuant to which the lessor leases an asset to the lessee, and in respect of which payments are due from the lessee to the lessor, including any other agreements or documents associated with that contract; and
- (b) any arrangement similar in economic effect to that described in paragraph (a) above including, for the avoidance of doubt, a forward lease contract based on *ijara mousoofah fizzaimmah* where the relevant asset has been delivered to, or to the order of, the relevant lessee under that contract;

**"Impaired Wakala Asset"** means the Wakala Assets in respect of which an Impaired Wakala Asset Event has occurred and specified as such in an Impaired Wakala Asset Exercise Notice;

**"Impaired Wakala Asset Event"** has the meaning given to it in "Summary of the Principal Transaction Documents – Wakala Agreement";

**"Impaired Wakala Asset Exercise Date"** means the date specified as such in an Impaired Wakala Asset Exercise Notice;

**"Impaired Wakala Asset Exercise Notice"** means a notice substantially in the form set out in Schedule 2 (*Form of Impaired Wakala Asset Exercise Notice*) of the Purchase Undertaking;

**"Impaired Wakala Asset Exercise Price"** means the amount specified as such in an Impaired Wakala Asset Exercise Notice which shall be no less than the Value of the Impaired Wakala Asset(s) specified in such Impaired Wakala Asset Exercise Notice;

**"Income Revenues"** means, in relation to a Series, all revenues in respect of the relevant Wakala Assets other than Principal Revenues and all payments of the Murabaha Profit component of the relevant Deferred Sale Price under the relevant Commodity Murabaha Investment;

**"Initial Wakala Assets"** means, in relation to each Series, the Eligible Wakala Assets specified as such in the relevant Supplemental Purchase Agreement;

**"Intangible Asset"** means *murabaha* receivables under a *murabaha* (sale of commodities or goods on a cost plus basis) contract, *ijara mousoofah fizzaimmah* (forward *ijara*) real estate and non-real estate assets where the asset has not yet been delivered and Intangible Sukuk;

**"Intangible Sukuk"** means sukuk certificates that are not Tangible Sukuk;

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

**"Murabaha Contract"** means an individual contract for the sale of Commodities at a deferred sale price and made pursuant to the Murabaha Master Agreement by the delivery of both an Offer Notice by the Trustee to the Buyer and the subsequent countersignature of such Offer Notice by the Buyer in accordance with the terms of the Master Murabaha Agreement;

**"Murabaha Investment Amount"** means, in relation to a Series, the relevant percentage of the aggregate face amount of the Certificates specified in the applicable Final Terms which is to be applied in the acquisition of Commodities by or on behalf of the Trustee for the purposes of the entry into of a Murabaha Contract pursuant to the terms of the Master Murabaha Agreement;

**"Murabaha Profit"** means, in relation to each Murabaha Contract, the amount specified as such in the Notice of Request to Purchase and the Offer Notice;

**"New Assets"** means Eligible Wakala Assets specified as such in a New Asset Sale Agreement or Substitution Notice (as the case may be), the identity of which shall be determined by APICORP in its sole and absolute discretion subject to the terms of the Purchase Undertaking or Sale Undertaking (as applicable);

**"New Asset Sale Agreement"** means an agreement substantially in the form set out in Schedule 5 of the Purchase Undertaking;

**"Notice of Request to Purchase"** means the Notice of Request to Purchase to be delivered by the Buyer to the Trustee substantially in the form set out in Schedule 1 (*Form of Purchase Order*) of the Master Murabaha Agreement;

**"Offer Notice"** means the letter to be issued by the Trustee to the Buyer substantially in the form set out in Schedule 2 (*Form of Offer Notice*) of the Master Murabaha Agreement;

**"Optional Dissolution Certificates"** means, in respect of an exercise of an Optional Dissolution Right, the Certificates which are the subject of the relevant Exercise Notice;

**"Optional Dissolution Exercise Price"** means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Optional Dissolution Certificates; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Optional Dissolution Certificates; plus
- (c) if all of the Certificates of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any) relating to such Series; plus
- (d) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakeel Liabilities Amounts and any other Priority Amounts which remain outstanding as at the Optional Dissolution Date); plus
- (e) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Optional Dissolution Right as specified in the applicable Final Terms;

less

- (f) if a Commodity Murabaha Investment forms part of the relevant Series, all amounts in respect of the outstanding Deferred Sale Price which have been paid into the Transaction Account in accordance with clause 7.1.7 of the Master Murabaha Agreement and which shall be available on the Optional Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Optional Dissolution Right; and
- (g) the amounts (if any) that were standing to the credit of the Principal Collection Account relating to that Series and which have been paid into the Transaction Account in accordance with the Wakala Agreement and which shall be available on the Optional Dissolution Date to pay a

proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following the exercise of the Optional Dissolution Right;

**"Optional Dissolution Proportion"** means such proportion of the relevant Deferred Sale Price as is determined by dividing (i) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Optional Dissolution Right by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series;

**"Outstanding Liquidity Amount"** means, in relation to each Series, the amount (if any) of funding provided under a liquidity facility pursuant to the terms of the Wakala Agreement for the relevant Series and which has not been repaid in accordance with the provisions of the Wakala Agreement;

**"Principal Revenues"** means, in relation to a Series, all revenues in respect of the relevant Wakala Assets which comprise amounts in the nature of sale, capital or principal payments (including, without limitation, any total loss and expropriation related insurance proceeds and indemnity payments) and including any amounts payable by the Wakeel under certain provisions of the Wakala Agreement and amounts in respect of payments of Impaired Wakala Asset Exercise Prices;

**"Priority Amounts"** means any amounts described in Condition 5.2(a) and/or 5.2(b);

**"Required Amount"** means, in relation to each Series and each relevant Periodic Distribution Date, an amount equal to the Periodic Distribution Amount payable on the relevant Periodic Distribution Date;

**"Sale Agreement"** means a sale agreement in the form set out in the relevant schedules of the Purchase Undertaking and Sale Undertaking;

**"Shares"** means the shares, interests, participations or other equivalents (however designated, whether voting or non-voting), of the equity of a company that satisfy the Eligibility Criteria;

**"Shari'a-Compliant Investment"** means any investment deposit with a *Shari'a*-compliant financial institution or investments which are structured to comply with *Shari'a* (and are not based on *bai al-bithaman ajil*, *bai al-dayn*, or parallel *istisna'* instruments);

**"Shortfall Amount"** means, in relation to a shortfall on a Wakala Distribution Determination Date, the difference between the amount standing to the credit of the Transaction Account and the Required Amount payable on the Periodic Distribution Date falling one (1) business day after such Wakala Distribution Determination Date;

**"Substituted Assets"** means any or all of the Wakala Assets specified as such in a Substitution Notice;

**"Substitution Date"** means the date specified as such in a Substitution Notice;

**"Substitution Notice"** means, in relation to a Series, a notice substantially in the form set out in Schedule 1 (*Form of Substitution Notice*) of the Sale Undertaking;

**"Sukuk Assets"** means, in relation to each Series, the Wakala Assets and the Commodity Murabaha Investment (if any) in respect of that Series;

**"Supplemental Purchase Agreement"** means, in respect of a Series, an agreement substantially in the form set out in Schedule 1 of the Master Purchase Agreement;

**"Tangible Assets"** means an Ijara Asset, Tangible Sukuk and/or Shares;

**"Tangible Sukuk"** means Sukuk certificates that meet the *Shari'a* requirements of tradability;

**"Taxes"** means any tax, levy, impost, duty or other charge or withholding of a similar nature;

**"Value"** means, on any date, the amount in the U.S.\$ determined by the Wakeel on the relevant date as being equal to:

- (a) in respect of an Ijara Asset which is leased on an ijara muntahiah bittamleek basis, the aggregate of all outstanding fixed rentals;

- (b) in respect of an Ijara Asset which is not leased on an ijara muntahiah bittamleek basis, the outstanding base amounts;
- (c) in respect of Tangible Sukuk, the outstanding face amount of such Tangible Sukuk;
- (d) in respect of Intangible Assets that are murabaha receivables or murabaha based sukuk:
  - (i) at the time of the acquisition thereof, the outstanding principal amount due under the associated murabaha contract; and
  - (ii) at any time after the acquisition thereof, the outstanding principal amount and profit amount due under the associated murabaha contract;
- (e) in respect of any Shares, the market value (if they are listed) or the book value (if they are unlisted);
- (f) any *Shari'a*-Compliant Investments, the aggregate amount of cash held on deposit on the relevant date or (in the case of an investment product) the net asset value of the relevant investment as notified to the Wakeel by the provider of the relevant investment product; and
- (g) a Commodity Murabaha Investment, the aggregate of all outstanding amounts of Deferred Sale Price remaining to be paid in respect of such Commodity Murabaha Investment on or after the relevant date;

**"Wakala Assets"** means, in relation to each Series:

- (a) the Initial Wakala Assets related to that Series;
- (b) any Eligible Wakala Assets acquired by the Trustee or on the Trustee's behalf in accordance with the terms of the Sale Undertaking or the Purchase Undertaking; and
- (c) the *Shari'a*-Compliant Investments from time to time;

but excluding any Wakala Asset that has been substituted, sold or transferred and conveyed to APICORP in accordance with the terms of the Master Purchase Agreement, the Sale Undertaking or the Purchase Undertaking;

**"Wakala Asset Obligor"** means the entity or entities obliged to make payments in respect of a Wakala Asset in accordance with applicable laws and the terms of the Wakala Asset;

**"Wakala Asset Revenues"** means, in relation to a Series, all Income Revenues and all Principal Revenues relevant to that Series;

**"Wakala Distribution Determination Date"** means, in relation to a Series, the Business Day immediately preceding each Wakala Distribution Date;

**"Wakala Distribution Period"** means, in relation to a Series, the period beginning on (and including) the Issue Date and ending on (but excluding) the First Wakala Distribution Date and each successive period beginning on (and including) a Wakala Distribution Date and ending on (but excluding) the next succeeding Wakala Distribution Date;

**"Wakala Investment Plan"** means, in relation to a Series, the investment plan substantially in the form set out in Schedule 1 (*Wakala Investment Plan*) of the Wakala Agreement;

**"Wakeel Liabilities Amount"** means, in relation to each Series and each corresponding Wakala Distribution Determination Date, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Wakeel or other payments made by the Wakeel on behalf of the Trustee, in each case in providing the Wakala Services during the Wakala Distribution Period ending on such Wakala Distribution Determination Date, but, for the avoidance of doubt, does not include any amount due to the Wakeel under the Wakala Agreement in respect of any Liquidity Facility;

**"Wakala Portfolio"** means, in relation to each Series, the Tangible Assets and Intangible Assets held by the Trustee, the *Shari'a* Complaint Investments made by the Wakeel on behalf of the Trustee and the Commodity Murabaha Investment, in each case, in relation to the relevant Series; and

**"Wakala Portfolio Value"** means, in relation to each Series, the value of the Wakala Portfolio of that Series being the sum of: (A) the aggregate of the Value of each Wakala Asset comprised in the relevant Wakala Portfolio at the relevant time; (B) the relevant outstanding Deferred Sale Price (if any); and (C) any Principal Revenues held by the Wakeel at the relevant time in respect of that Series.

## TAXATION

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

### CAYMAN ISLANDS

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

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

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### 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 the Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of the Certificates should, however, be exempt.

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

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 the Certificates are advised to seek their own professional advice in relation to the FTT.

### FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign**



**passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the UAE and the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under "*Terms and Conditions of the Certificates—Further Issues*") that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Certificateholders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the "**Programme Agreement**") dated 9 May 2019, agreed with the Trustee and APICORP a basis upon which they or any of them may from time to time agree to purchase Certificates. In accordance with the terms of the Programme Agreement, each of the Trustee and APICORP 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 Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### SELLING AND TRANSFER RESTRICTIONS

#### United States

The Certificates have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Certificates may not be offered or sold to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates comprising the relevant Tranche, as certified to the Principal Paying Agent or the Trustee by such Dealer (or, in the case of a sale of a Tranche of Certificates to or through more than one Dealer, by each of such Dealers as to the Certificates of such Tranche purchased by or through it, in which case the Principal Paying Agent, the Trustee or APICORP shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an available exemption from, or in a transaction not subject to, registration under the Securities Act, and such Dealer will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the completion of the distribution of the Certificates comprising the relevant Tranche, as described above, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

#### Public Offer Selling Restriction under the Prospectus Directive

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

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Certificates referred to in (a) to (c) above shall require the Trustee, APICORP or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

### **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 Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of section 19 of the FSMA by the Trustee;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Trustee or APICORP; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

### **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 Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

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

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

### **Cayman Islands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for any Certificates has been or will be made to the public in the Cayman Islands.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates 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 Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

### **Japan**

The Certificates 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**"). 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, directly or indirectly, offered or sold Certificates, and that it will not, directly or indirectly, offer or sell any Certificates 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 re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws, regulations and ministerial guidelines of Japan.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. 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 any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates 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 the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (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) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Certificates 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 Certificates pursuant to an offer made under Section 275 of the SFA except:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### **Hong Kong**

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (a) to "**professional investors**" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

### **Malaysia**

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Market and Services Act 2007 of Malaysia (the "**CMSA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b), and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

### **Kingdom of Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates 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 resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 3-45-2018

dated 23 April 2018 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 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 Certificates to a Saudi Investor will be made in compliance with Article 11 and either Article 9 or Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Certificates 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 Certificates 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.

#### **State of Qatar (including the Qatar Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus has not been reviewed or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

#### **Sultanate of Oman**

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

- (a) this Base Prospectus has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law SD 80/98 (Article 3), will not be offered or sold as an offer of securities in Oman (as contemplated by the Commercial Companies Law) or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and
- (b) the Certificates issued under the Programme will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

#### **PRC**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Certificates in the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) as part of the initial distribution of the Certificates.

## **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 with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates 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 Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, APICORP, the Delegate nor any of the other Dealer shall have any responsibility therefor.

None of the Trustee, APICORP, the Delegate and any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about and observe any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Trustee, APICORP and the relevant Dealer and set out in the subscription agreement or dealer accession letter (as applicable).

## BENCHMARK REGULATION

Amounts payable under the Certificates may be calculated by reference to certain benchmarks.

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmark Regulation (the "**ESMA Benchmarks Register**") are set out below.

BENCHMARK	ADMINISTRATOR	ADMINISTRATOR APPEARS ON ESMA BENCHMARKS REGISTER?
LIBOR	ICE Benchmark Administrator Limited	Yes, ICE Benchmark Administration Limited is authorised under Article 34 of the Benchmarks Regulation
EURIBOR	European Money Markets Institute	No
SHIBOR	The National Interbank Funding Center	No
HIBOR	Treasury Markets Association	No
CNH HIBOR	Treasury Markets Association	No
TRLIBOR	Banks Association of Turkey	No
SIBOR	Association of Banks in Singapore	No
EIBOR	UAE Central Bank	No
TIBOR	JBA TIBOR Administration	No
SAIBOR	Saudi Arabia Monetary Authority	No
BBSW	ASX Limited	No
PRIBOR	Czech Financial Benchmark Facility s.r.o.	Yes, Czech Financial Benchmark Facility s.r.o. is authorised under Article 34 of the Benchmarks Regulation

As at the date of this Base Prospectus, the administrators of EURIBOR, SHIBOR, HIBOR, CNH HIBOR, TRLIBOR, SIBOR, EIBOR, TIBOR, SAIBOR and BBSW are not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as the Trustee and APICORP are aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute, The National Interbank Funding Center, Treasury Markets Association, Banks Association of Turkey, Association of Banks in Singapore, UAE Central Bank, JBA TIBOR Administration, Saudi Arabia Monetary Authority or the ASX Limited are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).



## GENERAL INFORMATION

### AUTHORISATION

The update of the Programme and the issue of Certificates thereunder have been duly authorised by a resolution of the board of directors of the Trustee dated 8 May 2019. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Certificates to be issued under the Programme and the execution and performance of the Transaction Documents. The entry into the Transaction Documents to which it is a party has been duly authorised by resolution 185/2/2019 of the board of directors of APICORP dated 13 April 2019.

### LISTING OF CERTIFICATES

It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on Euronext Dublin's regulated market will be admitted separately as and when issued, subject only to the issue of one or more Global Certificates initially representing the Certificates of such Tranche. Application has been made to Euronext Dublin for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to be admitted to trading on Euronext Dublin's regulated market.

Application has been made to the DFSA for Certificates issued under the Programme to be admitted to the DFSA Official List. An application may be made for any Tranche of Certificates to be admitted to trading on Nasdaq Dubai.

### LISTING AGENT

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation to the Certificates and is not itself seeking admission of the Certificates to the Official List or to trading on Euronext Dublin's regulated market.

### DOCUMENTS AVAILABLE

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

- (a) the Transaction Documents including each Supplemental Trust Deed and Supplemental Purchase Agreement in relation to each Tranche;
- (b) the Memorandum and Articles of Association of the Trustee;
- (c) the Establishing Agreement;
- (d) APICORP registration certificate number 2050003977 dated 5/11/1396H (corresponding to 29 October 1976);
- (e) the audited consolidated financial statements of APICORP for the years ended 31 December 2018 and 2017, the most recent unaudited condensed consolidated interim financial statements (if any) of APICORP, in each case together with any audit or review reports prepared in connection therewith. APICORP currently prepares unaudited consolidated interim accounts for the first six months of each year. The Trustee is not required to publish any interim financial statements under Cayman Islands law;
- (f) this Base Prospectus; and
- (g) any future offering circulars, prospectuses, information memoranda, supplements and applicable Final Terms to this Base Prospectus and any other documents incorporated herein or therein.

This Base Prospectus will be available for viewing on the website of the Central Bank (<http://www.centralbank.ie>). This Base Prospectus will be available for viewing on the website of Nasdaq Dubai ([www.nasdaqdubai.com](http://www.nasdaqdubai.com)).

## **CLEARING SYSTEMS**

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).

The appropriate common code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and/or Classification of Financial Instruments (CFI) code (as applicable) will be specified in the applicable Final Terms.

If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

## **TRUSTEE'S LEGAL ENTITY IDENTIFIER**

The Trustee's Legal Entity Identifier ("LEI") code is 549300ULCH8IWYBS5X93.

## **SIGNIFICANT OR MATERIAL CHANGE**

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

There has been no significant change in the financial or trading position of APICORP or of the Group and there has been no material adverse change in the financial position or prospects of APICORP or of the Group since 31 December 2018.

## **LITIGATION**

None of the Trustee, APICORP or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or APICORP is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Trustee, APICORP or the Group.

## **AUDITORS**

The Trustee is not required by Cayman Islands law to publish audited financial statements or appoint any auditors.

The Financial Statements have been audited without qualification for each of the years ended 31 December 2018 and 31 December 2017 by Deloitte & Touche - Middle East. Deloitte & Touche – Middle East has conducted its audits in respect of the Financial Statements in accordance with the International Standards on Auditing issued by the International Federation of Accountants through the International Auditing and Assurance Standards Board.

The business address of Deloitte & Touche – Middle East is United Tower, Bahrain Bay, P.O. Box 421, Manama, Kingdom of Bahrain. Deloitte & Touche – Middle East is registered with the Ministry of Industry and Commerce in Bahrain. Some of its professionals are members of the Bahrain Accountants Association and/or international professional bodies.

## **SHARI'A ADVISERS**

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Executive *Shari'a* Committee of HSBC Saudi Arabia, the *Shari'a* advisers of J.P. Morgan Securities plc and the *Shari'a* Supervisory Committee of Standard Chartered Bank. Further information on the composition of each of these is disclosed below.

### **Executive *Shari'a* Committee of HSBC Saudi Arabia**

- Dr. Nizam Yaquby

Dr. Nizam Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a BA in economics and comparative religions and MSc in finance from the McGill University, Canada. He has a PhD in Islamic law from the University of Wales. In addition to advising Islamic finance institutions and funds, Dr. Nizam Yaquby is a member of the Islamic Fiqh Academy and AAOIFI. Since 1976, Dr. Yaquby has taught Tafsir, Hadith and Fiqh in Bahrain and is a *Shari'a* Advisor to several international and local financial institutions world-wide. He has also published several articles and books on various Islamic subjects including on banking and finance.

- Dr. Mohamed Ali ElGari

Dr. Mohamed holds a PhD in Economics from the University of California. He is a professor of Islamic Economics at King Abdul Aziz University. He is an expert at the Islamic Jurisprudence Academies of the Organisation of Islamic Countries and has published several articles and books on Islamic Finance. Dr. Elgari is a member of the *Shari'a* Board of many Islamic banks and on the Takaful companies including that of Dow Jones International Islamic Fund Market. He also sits on the *Shari'a* Board of AAOIFI and is a member of the Advisory Board of Harvard Series on Islamic Law.

### ***Shari'a* advisers of J.P. Morgan Securities plc**

- Dr. Nizam Yaquby

See the description of Dr. Nizam Yaquby set out above.

- Dr. Mohamed Ali ElGari

See the description of Dr. Mohamed Ali ElGari set out above.

### ***Shari'a* Supervisory Committee of Standard Chartered Bank**

- Dr. Nizam Yaquby

See the description of Dr. Nizam Yaquby set out above.

- Dr. Mohamed Ali ElGari

See the description of Dr. Mohamed Ali ElGari set out above.

- Dr. Aznan Hasan

Dr. Aznan Hasan is an Associate Professor in Islamic Law at Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia. He has been teaching Islamic law at the University since 2003. He is also President of the Association of Shariah Advisors in Islamic Finance and has been Deputy Chairman of the Shariah Advisory Council, Securities Commission of Malaysia since July 2010. He was previously a member of the Shariah Advisory Council, Bank Negara Malaysia (November 2006-August 2008, November 2010-October 2013). He is also the Chairman of the Shariah Supervisory Board, Shariah Advisory Committee, Barclays DIFC (April 2011-present). He is Shariah adviser to Maybank Islamic in Malaysia and has been advising ABSA Islamic Banking, South Africa since July 2010.

### **DEALERS TRANSACTING WITH THE TRUSTEE AND APICORP**

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 Trustee or APICORP (and its affiliates) in the ordinary course of business. 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 Trustee, APICORP or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, APICORP or their respective affiliates routinely hedge their credit exposure to the Trustee, APICORP or their respective affiliates, as the case may be, 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 Certificates. Any such short positions could adversely affect future trading prices of the Certificates. 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.

#### **DELEGATE'S ACTION**

The Conditions and the Master Trust Deed provide for the Delegate to take action on behalf of the Certificateholders in certain circumstances, but only if the Delegate is indemnified and/or secured and/or pre-funded to its satisfaction. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms and conditions governing the relevant Certificates or the relevant Transaction Documents and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the relevant Transaction Documents and the applicable law, it will be for the holders of the relevant Certificates to take such actions directly.

**ISSUER AND TRUSTEE**

**APICORP Sukuk Limited**

MaplesFS Limited  
P.O. Box 1093  
Queensgate House  
Grand Cayman  
KY1-1102  
Cayman Islands

**APICORP**

**Arab Petroleum Investments Corporation**

Head Office Building  
Dammam Coastal Road  
Al Rakkah  
PO Box 9599  
31423 Dammam  
Kingdom of Saudi Arabia

**DELEGATE**

**BNY Mellon Corporate Trustee Services Limited**

One Canada Square  
London E14 5AL  
United Kingdom

**PRINCIPAL PAYING AGENT AND  
CALCULATION AGENT**

**The Bank of New York Mellon, London  
Branch**  
One Canada Square  
London E14 5AL  
England

**REGISTRAR AND TRANSFER AGENT**

**The Bank of New York Mellon SA/NV,  
Luxembourg Branch**  
Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

**AUDITOR TO APICORP**

**Deloitte & Touche – Middle East**

United Tower  
Bahrain Bay  
P.O. Box 421  
Manama  
Kingdom of Bahrain

**LEGAL ADVISERS**

*To the Issuer and Trustee as to Cayman Islands law*

**Maples and Calder (Dubai) LLP**

Level 14, Burj Daman  
Dubai International Financial Centre  
P.O. Box 119980  
Dubai  
United Arab Emirates

*To APICORP as to English law*

**Allen & Overy LLP**

11<sup>th</sup> Floor  
Burj Daman Building  
Happiness Street  
Dubai International Financial Centre  
P.O. Box 506678  
Dubai  
United Arab Emirates

*To the Arrangers and Dealers as to English law*

*To the Delegate as to English law*

**Clifford Chance LLP**

Level 15, Burj Daman  
Dubai International Financial Centre  
P.O. Box 9380  
Dubai  
United Arab Emirates

**Clifford Chance LLP**

10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
United Kingdom

**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**

Ten Earlsfort Terrace  
Dublin 2  
Ireland

## ARRANGERS

**Crédit Agricole Corporate and Investment  
Bank**

Broadwalk House  
5 Appold Street  
London, EC2A 2DA  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Standard Chartered Bank**

P.O. Box 999  
Dubai  
United Arab Emirates

## DEALERS

**Arab Banking Corporation (B.S.C.)**

PO Box 5698  
Diplomatic Area, Manama  
Kingdom of Bahrain

**Crédit Agricole Corporate and Investment  
Bank**

Broadwalk House  
5 Appold Street  
London, EC2A 2DA  
United Kingdom

**Emirates NBD Bank PJSC**

P.O. Box 777  
Dubai  
United Arab Emirates

**First Abu Dhabi Bank PJSC**

FAB Building  
Khalifa Business Park – Al Qurm District  
P.O. Box 6316  
Abu Dhabi, United Arab Emirates

**Gulf International Bank B.S.C.**

3 Palace Avenue  
P.O. Box 1017  
Manama  
Kingdom of Bahrain

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**NCB Capital**  
NCB Capital Building  
Tower B  
Al Maathar Street  
P.O. Box 22216  
Riyadh 11495  
Kingdom of Saudi Arabia

**Noor Bank PJSC**

P.O. Box 8822  
Dubai  
United Arab Emirates

**Standard Chartered Bank**

P.O. Box 999  
Dubai  
United Arab Emirates