IMPORTANT NOTICE

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

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary prospectus (the "document") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and you agree you will not reproduce or publish this electronic transmission or forward the attached document to any other person.

THE DOCUMENT IS IN PRELIMINARY FORM ONLY, IS NOT COMPLETE AND CONTAINS INFORMATION THAT IS SUBJECT TO AMENDMENT AND COMPLETION.

RESTRICTIONS: UNDER NO CIRCUMSTANCES SHALL THE ATTACHED DOCUMENT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. 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, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES.

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

UNDER NO CIRCUMSTANCES SHALL THIS DOCUMENT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

THIS DOCUMENT IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THIS DOCUMENT (A) IF EFFECTED BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("**FSMA**"), IS BEING ADDRESSED TO, OR DIRECTED AT, ONLY THE FOLLOWING PERSONS: (I) PERSONS WHO ARE INVESTMENT PROFESSIONALS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**FINANCIAL PROMOTION ORDER**"), AND (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49(2) OF THE FINANCIAL PROMOTION ORDER; AND (B) IF EFFECTED BY A PERSON WHO IS AN AUTHORISED PERSON UNDER THE FSMA, IS BEING ADDRESSED TO, OR DIRECTED AT, ONLY THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE FO 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 CIS ORDER**"), (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSON DESCRIBED IN ARTICLE 22(a)-(d) OF THE PROMOTION OF CIS ORDER AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE BE LAWFULLY BE MADE IN ACCORDANCE WITH THE PROMOTION OF CIS ORDER. THIS COMMUNICATION IS BEING DIRECTED ONLY AT PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. NO OTHER PERSON SHOULD RELY ON IT.

Confirmation of your representation: The attached document is delivered to you at your request and on the basis that you have confirmed to Dubai Islamic Bank P.J.S.C., Emirates NBD Capital Limited, Noor Bank P.J.S.C. and Standard Chartered Bank (together, the "**Joint Lead Managers**"), DIFC Investments LLC (the "**Company**" or "**DIFCI**") and DIFC Sukuk Limited (the "**Trustee**") that

(i) you are located outside the United States; (ii) you consent to delivery by electronic transmission; (iii) you will not transmit the attached document (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Joint Lead Managers; and (iv) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of DIFCI, the Trustee, the Joint Lead Managers, BNY Mellon Corporate Trustee Services Limited (the "**Delegate**") nor any person who controls or is a manager, director, officer, employee or agent of DIFCI, the Trustee, the Joint Lead Managers, the Delegate nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing this document, you consent to receiving it in electronic form. A hard copy of the document will be made available to you only upon request to the Joint Lead Managers.

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

You are reminded that the information contained in this document is not complete and may be changed. Neither the Joint Lead Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with DIFCI, the Trustee or the offer. The Joint Lead Managers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Lead Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

The Joint Lead Managers are acting exclusively for DIFCI and the Trustee and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than DIFCI and the Trustee for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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

Recipients of the attached document who intend to subscribe for or purchase any securities to be issued are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the attached document.

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

DIFC Sukuk Limited

(incorporated with limited liability as a special purpose company under the laws of the Dubai International Financial Centre)

U.S.$700,000,000 Trust Certificates due 2024

The U.S.$700,000,000 trust certificates due 2024 (the "**Certificates**") of DIFC Sukuk Limited (in its capacity as issuer, the "**Issuer**" and in its capacity as trustee and issuer, the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") dated 12 November 2014 (the "**Issue Date**") entered into between (among others) the Trustee, DIFC Investments LLC (the "**Company**" or "**DIFCI**") and BNY Mellon Corporate Trustee Services Limited as the delegate of the Trustee (the "**Delegate**"). The Certificates confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the "**Conditions**").

Periodic Distribution Amounts (as defined herein) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 12 November 2024 (the "**Scheduled Dissolution Date**") at a rate of 4.325 per cent. per annum. Payments on the Certificates will be made free and clear of, and without deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Dubai International Financial Centre (the "**DIFC**"), the United Arab Emirates or the Emirate of Dubai or any authority therein or thereof having power to tax to the extent described under Condition 10.

The Certificates shall be redeemed on the Scheduled Dissolution Date but the Certificates may be redeemed before the Scheduled Dissolution Date (i) at the option of the Trustee in whole but not in part at their Dissolution Distribution Amount (as defined in the Conditions) following a Total Loss Event or in the event of certain changes affecting taxes of the DIFC, the United Arab Emirates and/or the Emirate of Dubai; (ii) at the option of the relevant Certificateholder at the Dissolution Distribution Amount following a Change of Control (as defined in the Conditions); (iii) at the option of DIFCI at the Dissolution Distribution Amount on the Clean Up Call Right Dissolution Date (as defined in the Conditions); or (iv) following a Dissolution Event (as defined in the Conditions).

Each payment of a Periodic Distribution Amount will be made by the Trustee provided that DIFCI (as Servicing Agent) shall have paid amounts equal to such Periodic Distribution Amount pursuant to the terms of the Service Agency Agreement (as defined in the Conditions).

The Certificates will be limited recourse obligations of the Trustee. An investment in the Certificates involves certain risks. For a discussion of these risks, see "*Risk Factors*". Potential investors should be aware that the Government of Dubai is not guaranteeing the obligations of DIFCI or the Trustee under, or in connection with, the Certificates.

This 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 been made to the DFSA for the Certificates to be admitted to the official list of securities maintained by the DFSA (the "**Official List**") and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai. References in this Prospectus to Certificates being listed (and all related references) shall mean that such Certificates have been admitted to listing on the Official List and have been admitted to trading on NASDAQ Dubai.

DIFCI has been assigned a rating of "**BBB-**" by Standard and Poor's Credit Market Services France SAS ("**Standard & Poor's**"). Standard & Poor's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation. A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The United Arab Emirates has been assigned a rating of "Aa2" with a "stable outlook" by Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**"). Moody's Singapore is not established in the European Union but the rating it has given to the United Arab Emirates (the "**UAE**") is endorsed by Moody's, which is established in the European Union and is registered under the CRA Regulation. The rating has been endorsed by Moody's in accordance with the CRA Regulation.

The Certificates will be represented by interests in a global certificate in registered form (the "**Global Certificate**") deposited on or before the Issue Date with, and registered in the name of a nominee for a common depositary (the "**Common Depositary**") for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Certificates evidencing holdings of interests in the Certificates will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

This Prospectus relates to an Exempt Offer in accordance with the Markets Rules (the "Markets Rules") of the DFSA. This Prospectus is intended for distribution only to persons of a type specified in the Markets Rules. It must not be delivered to, or relied on by, any other person. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information, nor has it determined whether the Certificates are *Shari'a* compliant. The liability for the content of this Prospectus lies with the Issuer and DIFCI. The DFSA has also not assessed the suitability of the Certificates to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Certificates to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Committee of the Fatwa and Shariah Advisory Board of Dubai Islamic Bank P.J.S.C., Dar Al Sharia Legal & Financial Consultancy, the Fatwa and Shari'a Supervisory Board of Noor Bank P.J.S.C. and the Shari'a Supervisory Committee of Standard Chartered Bank. 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 Certificates may only be offered, sold or transferred in registered form in minimum face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Joint Lead Managers

Dubai Islamic Bank P.J.S.C. | **Emirates NBD Capital** | **Noor Bank P.J.S.C.** | **Standard Chartered Bank**

The date of this Prospectus is 10 November 2014.

This 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 is for the purpose of giving information with regard to the Trustee, DIFCI and the Certificates which, according to the particular nature of the Trustee, DIFCI 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 DIFCI.

The Trustee and DIFCI accept responsibility for the information contained in this Prospectus. To the best of the knowledge of each of the Trustee and DIFCI, each having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Trustee, DIFCI, the Joint Lead Managers to subscribe or purchase, any of the Certificates. None of the Joint Lead Managers, the Trustee, the Delegate or DIFCI 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.

The distribution of this Prospectus and the offering of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Trustee, DIFCI and the Joint Lead Managers to inform themselves about and to observe any such restrictions. None of the Trustee, the Delegate, DIFCI or the Joint Lead Managers represent that this Prospectus may be lawfully distributed, or that the 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 assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Delegate, DIFCI or the Joint Lead Managers which is intended to permit a public offering of the Certificates or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this 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 Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of the Certificates.

For a description of further restrictions on offers and sales of Certificates and distribution of this Prospectus, see "*Subscription and Sale*".

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Trustee, the Delegate, DIFCI or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee or DIFCI since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Trustee or DIFCI since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Prospectus nor any other information supplied in connection with the issue of the Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Trustee, the Delegate, DIFCI or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the issue of the 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 DIFCI. Furthermore, no comment is made or advice given by the Trustee, the Delegate, DIFCI or the Joint Lead Managers in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Trustee or DIFCI during the life of the arrangements

contemplated by this Prospectus nor to advise any investor or potential investor in the Certificates of any information coming to the attention of any of the Joint Lead Managers.

Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency for principal or profit payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The 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 the Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

No comment is made or advice given by the Trustee, DIFCI, the Delegate, the Joint Lead Managers or the Paying Agents in respect of taxation matters relating to the Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

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

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus, or for any other statement made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Trustee, DIFCI or the issue and offering of the Certificates. Each Joint Lead Manager 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 Prospectus or any such statement. No representation or warranty, expressed or implied, is made or given by or on behalf of the Joint Lead Managers, nor any person who controls them or any director, officer, employee or agent of them, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus and such persons do not accept responsibility or liability for any such information or opinions.

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 or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S under the Securities Act ("**Regulation S**").

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Committee of the Fatwa and Shariah Advisory Board of Dubai Islamic Bank P.J.S.C., Dar Al Sharia Legal & Financial Consultancy, the Fatwa and Shari'a Supervisory Board of Noor Bank P.J.S.C. and the Shari'a Supervisory Committee of Standard Chartered Bank. 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.

Stabilisation

In connection with the issue of the Certificates, Standard Chartered Bank (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) 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, but in so doing, the Stabilisation Manager shall act as principal and not as agent of the Trustee or DIFCI. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. The Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) must conduct such stabilisation in accordance with all applicable laws and rules.

Cautionary Note Regarding Forward-Looking Statements

This Prospectus contains "forward-looking statements"–that is, statements related to future, not past, events. In this context, forward-looking statements often address DIFCI's expected future business and financial performance, and often contain words such as "expect", "anticipate", "intend", "may", "plan", "believe", "seek" or "will". Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For DIFCI, particular uncertainties that could adversely affect its future results include:

- DIFCI's ability to realise the benefits it expects from its existing operations;
- changes in the competitive environment in which DIFCI operates;
- DIFCI's ability to maintain sufficient cash flow to fund its existing and future operations and its payment obligations under financing agreements;
- DIFCI's exposure to natural disasters and risks resulting from potentially catastrophic events such as armed conflicts or other events disrupting business in its customers' facilities;
- failure to comply with regulations such as environmental or safety standards applicable to DIFCI's business; and
- changes in political, social, legal or economic conditions in the markets in the UAE or the GCC generally.

Although DIFCI believes that the expectations, estimates and projections reflected in DIFCI's forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise including those which DIFCI has identified in this Prospectus, or if any of DIFCI's underlying assumptions prove to be incomplete or inaccurate, DIFCI's actual future results may be materially different than those expressed in its forward-looking statements.

The forward-looking statements in this Prospectus speak only as of the date of this Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Without prejudice to any requirements under applicable laws and regulations, DIFCI expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based.

Certain Publicly Available Information

Certain statistical data and other information appearing in this Prospectus has been extracted from public sources identified where it appears in this Prospectus. None of the Joint Lead Managers, the Trustee nor DIFCI accepts responsibility for the factual correctness of any such statistics or information but both the Trustee and DIFCI confirm that all such third party information has been accurately reproduced and, so far as the Trustee and DIFCI are aware and have been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

NOTICE TO UK RESIDENTS

The Certificates represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Services Authority. Accordingly, this 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 Prospectus and any other marketing materials relating to the Certificates (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"), and (ii) persons falling within any of the categories of persons described in Article 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (B) if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"), (ii) persons falling within any of the categories of person described in Article 22(a)-(d) (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Prospectus or any other marketing materials in relation to the Certificates.

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

Any individual intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

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

Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this 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 Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of Certificates 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 Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Prospectus does not and is not intended to constitute an offer, sale or delivery of the Certificates under the laws of the State of Qatar and has not been and will not be reviewed or approved by the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in the State of Qatar. The Certificates are not and will not be traded on the Qatar Exchange.

NOTICE TO RESIDENTS OF MALAYSIA

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Certificates in Malaysia may be made, directly or indirectly, and this 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(l)(b), Schedule 7 or Section 230(l)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia.

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Group historical financial statements

The financial statements relating to the Group and included in this Prospectus are:

- the unaudited interim condensed consolidated financial statements as at and for the six month period ended 30 June 2014 (the "**Interim Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2013 (the "**Group 2013 Financial Statements**"); and
- the audited consolidated financial statements as at and for the year ended 31 December 2012 (the "**Group 2012 Financial Statements**" and, together with the Group 2013 Financial Statements, the "**Group Annual Financial Statements**").

The Interim Financial Statements and the Group Annual Financial Statements are together referred to as the "**Group Financial Statements**".

The Group Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and the applicable provisions of the Companies Law made pursuant to DIFC Law No 2 of 2009. The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The Group's financial year ends on 31 December and references in this Prospectus to "**2011**", "**2012**" and "**2013**" are to the 12 month period ended on 31 December in each such year.

Comparability of information

In 2012, the Group sold a subsidiary, Hawkamah–Institute for Corporate Governance LLC, to a related party and recorded a gain of U.S.$3.3 million on the sale which it recorded in the Group 2012 Financial Statements income statement as Gain on sale of subsidiary. In 2013, reflecting the immateriality of the amounts concerned, the Group reclassified this gain as other income and recorded it under Fees and other income.

Auditors and unaudited information

The Group Annual Financial Statements have been audited by Ernst & Young Middle East, Dubai Branch, independent auditors (the "**Auditors**"), in accordance with International Standards on Auditing, who have issued unqualified reports on the Group Annual Financial Statements as included herein. The Interim Financial Statements have been reviewed by the Auditors in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, who have issued an unqualified report on the Interim Financial Statements as included herein.

All information in this Prospectus as at, or for the six month periods ended, 30 June 2013 and 30 June 2014 is unaudited.

Certain non-IFRS financial information

Ratios

This Prospectus includes references to a number of different balance sheet, income statement and cash flow ratios. Although these ratios are not IFRS measures, management believes that they are important to understanding its financial position. The Group's basis of calculation of the ratios presented may be different from those of other companies.

EBITDA

Certain sections of this Prospectus, including "*Selected financial information*", discuss EBITDA, which is not a measure of financial performance under IFRS. In determining EBITDA, the Group adds back to or deducts from profit for the period the following items:

- loss from discontinued operations;
- income tax expense;
- share of results of joint ventures;
- net finance cost;

- net foreign exchange loss or gain;
- provision for impairment;
- depreciation expense;
- net loss or gain from investments and derivatives;
- fair value gain on investment properties; and
- other expenses.

Management believes that the presentation of EBITDA is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, EBITDA is not a measure of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies may calculate EBITDA differently from the Group. As all companies do not calculate EBITDA in the same manner, the Group's presentation of EBITDA may not be comparable to other similarly titled measures of other companies.

Some of the limitations of using EBITDA as a financial measure are:

- it does not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;
- it does not reflect changes in, or cash requirements for, the Group's working capital needs; and
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and the measure does not reflect any cash requirements for such replacement.

For a reconciliation of reported profit after tax to EBITDA for each of the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013, see "*Selected financial information*".

Other historical financial statements

This Prospectus also includes financial statements published by each of Dubai International Financial Centre Registrar of Real Property ("**RoRP**") and Dubai International Financial Centre Registrar of Companies ("**RoC**"). Each of these statutory bodies is independent from the Group and neither body provides any guarantee or other legally enforceable credit support to the Certificates. However, each body generates revenue and cash flow and its financial statements have been included in this Prospectus in light of the fact that the revenue generated by them is transferred to the Group on a regular basis as both bodies form part of the overall DIFC operations and the transfers are part of the DIFC's overall treasury operations. The financial statements relating to RoRP and RoC and included in this Prospectus are:

- the unaudited interim condensed financial statements of each of RoRP and RoC as at and for the six month period ended 30 June 2014;
- the audited financial statements of each of RoRP and RoC as at and for the year ended 31 December 2013; and
- the audited financial statements of each of RoRP and RoC as at and for the year ended 31 December 2012.

Presentation of Other Information

Currencies

Unless otherwise indicated, in this Prospectus, all references to:

- "**AED**" and "**dirham**" are to the lawful currency of the United Arab Emirates; and
- "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in U.S. dollars. The Company's functional currency is AED and the Group prepares its financial statements in U.S. dollars.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00.

Definitions

The following terms as used in this document have the meanings defined below:

- references to the "**DIFC**" are to the Dubai International Financial Centre located in Dubai;
- references to "**Dubai**" are to the Emirate of Dubai;
- references to the "**Government**" are to the government of Dubai;
- references to the "**MENA**" region are to the Middle East and North Africa region; and
- references to "**Group**" are to the Company and its consolidated subsidiaries and include DIFC Properties, the division within the Company that is responsible for managing the Group's property assets in the DIFC, including developing or selling undeveloped plots and leasing the Group's developed properties.

Rounding

Certain data in this Prospectus has been rounded. As a result of such rounding, the totals of data presented in tables in this Prospectus may vary slightly from the arithmetic totals of such data.

RISK FACTORS

The purchase of the Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Prospectus.

Each of the Trustee and DIFCI believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate and/or the inability of DIFCI to pay any amounts under the Transaction Documents may occur for other reasons and neither the Trustee nor DIFCI represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or DIFCI or which the Trustee or DIFCI currently deems immaterial, that may impact any investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Structure Diagram and Cash Flows", "Terms and Conditions of the Certificates" and "Summary of the Principal Transaction Documents" shall have the same meanings in this section.

Factors that may affect the Trustee's ability to fulfil its obligations under the Certificates

The Trustee has no material assets and will depend on receipt of payments from DIFCI to make payments to Certificateholders.

The Trustee is a newly formed entity and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of the Trust Assets as described herein, acting in its capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets, which include its right to receive payments under the relevant Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee of all amounts due from DIFCI under the Transaction Documents. Therefore the Trustee is subject to all the risks to which DIFCI is subject to the extent that such risks could negatively affect DIFCI's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See "—*Risks relating to the Group*" below for a further description of these risks.

Risks relating to the Group

The Group's leasing revenue and cash flow is dependent upon the occupancy levels of its developed investment properties and the rental rates which it is able to charge, both of which could be adversely affected by an economic downturn in the UAE

In each of 2011, 2012 and 2013, the Group's lease revenue comprised 81.5 per cent., 74.0 per cent. and 78.1 per cent., respectively, of its total revenue and was a major driver of its cash flow from operations. The Group's success and its ability to make payments under the Transaction Documents is dependent on the level of lease revenue which it can generate from its developed investment properties. This revenue is driven by the supply of, and demand for, available office and retail space, as well as other factors, such as the perceived desirability of the Group's properties by tenants as a business location. A decrease in demand for the Group's office and retail space in the DIFC could in the future adversely affect occupancy levels in the Group's developed investment properties. Occupancy rates may also be affected if lease terms expire and are not renewed or following tenant defaults. In such circumstances, the Group's lease revenue could be adversely affected.

Demand for office and retail space in the DIFC in the future may be adversely affected by, among other things:

- competitive factors (see "*The DIFC may be subject to competition from other financial services centres in the region and the Group may experience competition for office and retail tenants within the DIFC*" below);
- a downturn in the global, regional or local economy; and

- circumstances which cause the UAE or Dubai to be perceived as a less desirable place to do business (see "*—Risk factors relating to the UAE and the Middle East—Financial, political and general economic conditions may affect the Group's revenue*" below).

The Group was adversely affected by the property crisis in Dubai which commenced at the end of 2008 and the subsequent global financial crisis. In particular, the Group sought financial support from its beneficial owner which was provided in the form of U.S.$1 billion in loans from Government related entities. The Group has also restructured its operations, including through significant divestments of subsidiaries and equity accounted investments as well as a large part of its investment securities portfolio, since 2011.

The Group's two developed investment properties (Gate District and Gate Village) were completed in 2005 and 2008, respectively. Certain of the Group's tenants in the DIFC were also materially adversely affected by the property crisis in Dubai and subsequent economic downturn with the result that they defaulted on rental payments due. As a result, the Group's cash flow and profitability were impacted as tenant defaults give rise to increased lease receivables and, in some cases, impairment provisions in respect of those receivables. Any future economic downturn in the region could have similar effects on the Group and its tenants. In addition, an economic downturn could depress market rental rates which could have an adverse effect on the Group's ability to increase, or even maintain, rental rates when new leases are granted or existing leases are renewed.

The Group's success depends on the success of the DIFC which could be affected by a range of factors outside its control

Although the Group does not receive any income directly from the DIFC or its administrative bodies, its success is inextricably linked to the success of the DIFC as a financial centre. The DIFC itself it subject to a range of risks which are outside the Group's control, including:

- risks associated with its position in Dubai and the Middle East more generally, see "*Hostilities, terrorist attacks and other acts of violence could adversely affect the regional financial markets and the DIFC*" below;
- natural disasters and catastrophic events, see "*The properties developed and managed by the Group may be affected by natural disasters and/or other major catastrophic events over which the Group has no control*" below;
- competition, see "*The DIFC may be subject to competition from other financial services centres in the region and the Group may experience competition for office and retail tenants within the DIFC*" below; and
- reputational issues, major systems or other infrastructure failures, legal or tax issues, political interference or any other factors which decrease its attractiveness as a financial centre.

Hostilities, terrorist attacks and other acts of violence could adversely affect the regional financial markets and the DIFC

Terrorist attacks and other acts of violence or war in Dubai and neighbouring Gulf countries may adversely affect Middle Eastern financial markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on the Group's business, results of operations and financial condition. In addition to the direct negative impact of any violent activity on economies, terrorist incidents and general terrorist activities could create an increased perception that investments in the region involve a high degree of risk and that therefore the DIFC may no longer be a safe location within which major financial services and other multinational entities are able to establish their regional offices and relocate staff. To date, there have been no terrorist incidents in Dubai or the UAE and there has been very little impact from the civil unrest in Syria, Iraq and other regional countries. However, if there was to be any escalation of the existing conflicts in Syria and Iraq, including the involvement of neighbouring countries and/or terrorist activity in the UAE itself, these events may have a material adverse impact on the Group's business, results of operations and financial condition.

The properties developed and managed by the Group may be affected by natural disasters and/or other major catastrophic events over which the Group has no control

The Group's business operations and development projects could be adversely affected or disrupted by natural disasters such as earthquakes, fire, storms or flooding or other potentially catastrophic events, such as major accidents and pandemic diseases affecting Dubai or the Middle East more

generally. Although constructed, operated, maintained and insured to protect against many of these occurrences affecting the DIFC, the Group's buildings may not be adequately protected in all circumstances and the Group is not insured against any losses which may result from any natural disasters or other catastrophic events that impact any of the major facilities that are proximate to its buildings or the DIFC in general. Any such occurrences affecting the DIFC could result in the disruption of services provided by the Group to its customers, the loss of the Group's capital investments and the destruction of infrastructure that would require reconstruction by the Group. Certain of these events could also result in the suspension of rental payments by affected tenants which could adversely affect the Group's revenue and cash flow. Further, the consequences of such occurrences could be exacerbated if the losses involve risks for which the Group is uninsured (see "*—No assurance can be given as to the adequacy of the Group's existing insurance coverage*" below).

The DIFC may be subject to competition from other financial services centres in the region and the Group may experience competition for office and retail tenants within the DIFC

The DIFC faces competition from financial centres which have been established or are being established in Doha, Abu Dhabi, Bahrain and Riyadh (see "*Description of the Group—Competition*"). Some of these centres are in states which have larger domestic economies than that of Dubai (and have more petrochemical resources). However, the Group believes that these financial centres are to a large extent more focused on their domestic markets as opposed to the DIFC's principal focus as a regional and international centre. Accordingly, the Group must continue to ensure that it is able to anticipate and respond to changes in the market and other competitive factors in the financial sector in order to preserve the DIFC's "first-mover" advantage, see "*Description of the Group—The Group's strategy and strengths—Strengths—Competitive positioning*". Any failure to do so could result in a decline in the number of institutions entering or remaining in the DIFC, thereby having a potentially adverse effect on the Group's revenues.

The Group owns two developed investment properties in the DIFC which it lets to office and retail tenants, with the Group's average lease tenor being six years. There are a number of other office and retail developments within the DIFC which are owned by third parties, many of which are newer than the Group's properties. As a result, the Group may in the future experience competition for tenants when seeking to enter into new leases or renewing existing leases and this competition could negatively impact its revenues.

The Group expects to develop new investment properties in the future and will be exposed to a range of construction and related risks in so doing

The Group currently owns 11 undeveloped plots of land within the DIFC and expects to develop a number of them in the coming years. The Group's practice when developing new plots is to outsource the construction to third party contractors. As a result, the completion of these projects will be dependent upon the contractors' ability to meet their contractual obligations. Major construction projects are, however, complex and undertaking them exposes the Group to a range of risks, including:

- default or failure by the Group's contractors to finish projects on time, according to specifications or within budget;
- financial difficulties encountered by the Group's contractors;
- an inability to find a suitable contractor either at the commencement of a project or following a default by an appointed contractor;
- disruption in service and access to third parties, such as architects, engineers, interior designers or other service providers;
- design faults and/or defective materials or building methods;
- disputes between contractors and their employees;
- shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances; and
- escalating costs of construction materials, resources, personnel and global commodity prices.

Any of these factors, either alone or in combination, could materially delay the completion of a project or materially increase the costs associated with a project, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial condition. The failure to

complete construction according to specifications may also result in liabilities, reduced efficiency and lower financial returns.

The Group and its contractors are also exposed to the risk of incidents occurring in relation to the Group's developments, which may be caused by design faults, construction defects or failures to comply with applicable development guidelines, health and safety or other regulatory requirements. Any such incidents could result in personal injuries, loss of life or material property damage for which the Group might be responsible in whole or in part. Any such incidents could also have a material adverse effect on the Group through fines or other sanctions, through damage to its reputation and through remediation costs if the incident is not covered by insurance.

In addition, a prolonged period of difficult economic conditions could result in slow downs and/or defaults in the performance of services by contractors who are faced with financial difficulties as well as in defaults in payments for completed properties and development land sold by the Group. These effects could be aggravated by the fact that the Group may still need to complete the development of any affected projects in order to properly service the projects and by the fact that the Group may be relying on income from certain projects in order to repay financing incurred by it in connection with a particular project or any other projects.

The development of new properties could expose the Group to significant financial risks

When undertaking new development projects, the Group assumes significant financial risks, including:

- requirements to make significant current capital expenditures in respect of the developments without receiving revenue from the developments until future periods;
- the possible shortage of available cash to fund construction and the related possibility that financing for the construction may not be available to the Group on suitable terms or at all; and
- fluctuations in occupancy rates at newly completed developments due to a number of factors, including market and economic conditions, that may result in the Group's investment not being profitable in the short to medium term.

The Group expects to use some of the proceeds of the issue of the Certificates to provide part of the funding for two new developments currently contemplated by it, see "*Description of the Group—Activities of the Group—Infrastructure—Future infrastructure development*". However, there can be no assurance that the Group will not require further financing to complete these developments or that such financing will be available to the Group on commercially attractive terms or at all. The Group's ability to obtain external financing and the cost of such financing at any time will be dependent on numerous factors, including general economic and market conditions, international and domestic interest rates, credit availability from banks or other financiers, investor confidence in the Group and the success of the Group's business. In past years, global credit markets have experienced difficult conditions, including reduced liquidity, greater volatility, widening of credit spreads, liquidity and solvency concerns at both regional and international banks leading to significant government intervention and financial support, and decreased availability of funding generally. More recently, concerns over the economic performance, levels of indebtedness and ability of certain sovereigns, particularly in Europe, to repay their debt have also disrupted the global credit markets. Any recurrence of these developments or the occurrence of other developments having similar effects could make it difficult or significantly more expensive for the Group to obtain additional financing, either on a short-term or long-term basis, to fund developments or to repay existing financing.

Future financings entered into by the Group could have an adverse impact on its business and cash flows

The Group's current syndicated loan agreement contains financial covenants and other provisions that could restrict its ability to obtain future financing and the Group's obligations under the syndicated loan are secured on most of its assets. Although the syndicated loan is expected to be repaid in full contemporaneously with the issue of the Certificates, there can be no assurance that any future financing arrangements entered into by the Group may not also contain restrictions that limit its flexibility in operating its business. These restrictions could, for example:

- require the Group to maintain financial ratios that could restrict its ability to carry on its business efficiently;
- restrict the Group from incurring or guaranteeing additional financial indebtedness;
- restrict the Group from granting security or creating any security interests over its assets or securing financing facilities; and/or

- restrict the Group from consolidating, merging or selling or otherwise disposing of any of its assets.

In addition, any of the Group's future financing agreements may contain cross-default clauses whereby a default under one of the Group's financing agreements may constitute an event of default under its other financing agreements. A breach of such provisions under the Group's financing agreements may allow the holders of outstanding securities to take action to accelerate the maturity of the securities or allow the lenders to declare all amounts outstanding under the relevant facility to be immediately due and payable and terminate all commitments to extend further financing. There can be no assurance that the Group's cash flow will be sufficient to meet its payment obligations under such financing agreements or that the Group would be able to obtain alternative financing or, if it were, that the alternative financing would be on terms favourable or acceptable to the Group.

The Group is exposed to a number of financial risks, including credit, liquidity and market risks and any failure to manage these risks could have a negative effect on the Group's profitability

The Group is exposed to a range of financial risks, including, in particular:

- credit risk, which arises through its investment in a number of third party funds, through its deposits held with financial institutions, through its trade and other receivables and through its assets held for sale;
- liquidity risk, particularly through the need to meet its commitments under outstanding financing and derivative transactions but also through its need to pay its trade and other payables in a timely manner and through its liabilities held for sale;
- interest rate risk, which arises through the mismatch between the interest earned on its cash balances and the interest which it pays under its outstanding financing, the majority of which is floating rate in nature. According to the 2013 Group Financial Statements, a 1 per cent. increase in interest rates throughout 2013, with all other variables held constant, would have reduced the Group's net profit by U.S.$7.8 million in 2013;
- currency risk, which principally arises as a result of the Group's open position in pounds sterling. According to the 2013 Group Financial Statements, a 5 per cent. increase in the value of pounds sterling against the U.S. dollar throughout 2013, with all other variables held constant, would have had a U.S.$1.2 million impact on the Group's net profit in 2013; and
- equity price risk, which principally arises through the Group's portfolio of investment securities. According to the 2013 Group Financial Statements, a 10 per cent. decrease in the price of the Group's unlisted equity investments and in its fund investments throughout 2013, with all other variables held constant, would have had reduced the Group's net profit in 2013 by U.S.$1.4 million and U.S.$10.1 million, respectively.

Although the Group has procedures and policies in place to manage its exposure to these risks, no assurance can be given that these procedures will be effective in all circumstances or that the Group will not suffer losses, which could be material, as a result of these risks.

Significant management discretion is involved in the preparation of the Group's financial statements for any period

The preparation of the Group's consolidated financial statements requires management to make certain judgements, the most significant of which relate to:

- the determination of the fair values of the Group's investment properties, see "—*Real estate valuation is inherently subjective and uncertain, and real estate investments are illiquid*" below;
- the classification of its investment property leases as operating leases; and
- the classification of its investment securities and the valuation of its unquoted equity investments.

The exercise of this discretion may have a material effect on the Group's results of operations as presented in its consolidated financial statements and the results of operations so presented could be materially different from those which would have been presented if different assumptions and/or estimates had been used. In addition, there can be no assurance that any assumptions made by management will necessarily prove to have been accurate predictions of future events.

Real estate valuation is inherently subjective and uncertain, and real estate investments are illiquid

Real estate assets are inherently difficult to value. As a result, valuations are subject to substantial uncertainty and subjective judgements and are made on the basis of assumptions which may not be correct. There can be no assurance that the valuations of any of the Group's investment properties stated in this document will be reflective of the price at which the Group could sell the relevant property should it be forced to do so for any reason. In addition, the real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Group's control and may materially adversely impact the Group's investment properties after their most recent valuation date. Because real estate investments in general are relatively illiquid, the Group's ability to promptly sell one or more of its investment properties in response to changing conditions is limited.

The Group's historic financial results have been significantly influenced by changes in the fair value of its investment properties. Any gains or losses arising from changes in the fair value of the Group's investment properties are required to be included in the Group's consolidated income statement for the period in which they arise. Historically the fair values of the Group's investment properties have been volatile and there is no assurance that the Group will continue to experience the level of fair valuation gains recently recorded in respect of its investment properties in future periods. The Group may also experience fair value losses in respect of its investment properties in periods of severe property market or economic stress.

The Group's success depends on its ability to recruit and retain key personnel

The Group's revenue depends, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel. The Group relies on its senior management for the implementation of its strategy and its day-to-day operations in managing the DIFC.

There is intense competition in the UAE for skilled personnel, especially at the senior management level, due to a disproportionately low number of available qualified and/or experienced individuals compared to current demand. If the Group is unable to retain key members of its senior management and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the operation of the DIFC by the Group. The loss of any member of the Group's senior management team may result in: (i) a loss of organisational focus; (ii) poor execution of operations; and (iii) an inability to identify and execute potential strategic initiatives. These adverse results could, among other things, reduce potential revenue and expose the Group to downturns in the market in which it operates.

No assurance can be given as to the adequacy of the Group's existing insurance coverage

The Group uses insurance products to mitigate the effects of some, but not all, unexpected events, see "*Description of the Group—Insurance*". However, there can be no assurance that such insurance will be adequate to cover all losses or exposure to liability or that it will be available at reasonable prices and on reasonable commercial terms. In addition, insurance that is in place may not be sufficient to cover all losses stemming from a catastrophic event (for example, as a result of deductibles or exclusions in the policy or because of a failure to comply with all the terms of the policy).

The DIFC Authority's and the Government's interests may, in certain circumstances, be different from the interests of the Certificateholders

The Company is wholly-owned by the Dubai International Financial Centre Authority (the "**DIFC Authority**") on behalf of the Government and all of the Company's managers are also members of the DIFC Authority's Board of Directors and are appointed by the Government. As the Company's sole shareholder, the Government, through the DIFC Authority, is in a position to control the outcome of actions requiring shareholders' approval and also controls the decisions made by the Company's Board of Managers. The interests of the Government may be different from those of the Group's creditors (including the Certificateholders) and, in any case where those interests conflict, Certificateholders may be disadvantaged.

Although the Company has not declared any dividend payments since at least 2011, there can be no assurance that this practice will continue or that the Government will not require the payment of dividends in amounts that adversely affect the Group's business. Any dividend payment that exceeds the amount permitted by the Transaction Documents could constitute an event of default under the Transaction Documents.

The Government does not guarantee the Company's obligations under the Transaction Documents

The Company's obligations under the Transaction Documents are not guaranteed by the Government and holders of Certificates will have no recourse to the Government under the Transaction Documents. There is no restriction on the Government guaranteeing other obligations of the Group and any such guarantee given in relation to other financing arrangements entered into by the Group could adversely affect the price of the Certificates in the secondary market.

There is also no certainty that the Government will provide any other form of support to the Company in the future, should such support be required or sought.

Risks relating to the DIFC, the UAE and the Middle East

Financial, political and general economic conditions may affect the Group's revenue

The Group's revenue is derived from the DIFC which is located in Dubai in the UAE and, accordingly, the Group's results of operations and prospects may be affected by financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally. While the UAE is currently seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is no guarantee that the UAE will continue to be stable in the future. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa region, including Algeria, the Kingdom of Bahrain, Egypt, Iraq, the Hashemite Kingdom of Jordan, Libya, the Sultanate of Oman, Syria, Tunisia and the Republic of Yemen. This unrest has ranged from public demonstrations to prolonged and, in the case of Syria, continuing armed conflict and has given rise to increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war, terrorism, civil unrest or hostilities nor the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its current levels of income and profitability if further adverse political events or circumstances were to occur.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Whilst Dubai and the UAE have enjoyed significant economic growth and relative political stability in recent years, there can be no assurance that such growth or stability will continue. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on Group's business, financial condition and results of operations.

The UAE's economy is dependent on revenue from oil and gas

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Despite the UAE being viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector and the sizeable wealth of the Government of Abu Dhabi, fluctuations in energy prices have an important bearing on economic growth and on the level of trade in the UAE. A deterioration in economic growth within the UAE and/or in trade could have an adverse effect on the Group's business, financial condition and results of operations.

Investments in emerging markets are subject to greater risk than investments in more developed markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Specific risks in the UAE and the Middle East region in general that may have a material impact on the Group's business, operating results, cash flows and financial condition include:

- an increase in inflation and the cost of living;
- political, social and economic instability;
- external acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- difficulties and delays in obtaining new permits and consents for the Group's operations or renewing existing ones;
- lack of infrastructure; and

- expropriation of assets

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 in any Certificates is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Factors which are material for the purpose of assessing the market risks associated with the Certificates

Risks relating to the Wakala Assets

Ownership of the Wakala Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in the Wakala Assets comprised within the Wakala Portfolio will pass to the Trustee under the Purchase Agreement. The Trustee will declare a trust in respect of the Wakala Portfolio and the other Trust Assets in favour of the Certificateholders pursuant to the Declaration of Trust. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have an ownership interest in the Wakala Portfolio unless the transfer of the Wakala Portfolio is prohibited by, or ineffective under, any applicable law (see "— *Transfer of the Wakala Assets*").

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets comprised within the Wakala Portfolio. The Wakala Assets will be selected by DIFCI, and the Certificateholders, the Trustee and the Delegate will have no ability to influence such selection. Only limited representations will be obtained from DIFCI in respect of the Wakala Assets. In particular, the precise terms or features of the Wakala Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by DIFCI to give effect to the transfer of the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in the DIFC or the UAE or otherwise give notice to any lessee in respect thereof.

Transfer of the Wakala Assets

No investigation has been or will be made as to whether the Wakala Assets may be transferred as a matter of the law governing the contracts (if any), the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the Purchase Agreement will have the effect of transferring the Wakala Assets.

Nevertheless, upon any Dissolution Event, the Certificateholders will not have any rights of enforcement as against the particular Wakala Assets comprised within the Wakala Portfolio. Their rights are limited to: (i) enforcement against DIFCI of its obligation to purchase the Wakala Assets pursuant to the terms of the Purchase Undertaking; and (ii) upon any failure to comply with its obligations under the Transaction Documents as described in this Prospectus, a *pro rata* share of the proceeds of the enforcement thereof. Accordingly, any such restriction on the ability of DIFCI to perfect the sale of the Wakala Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

By way of further assurance, DIFCI has covenanted in the Purchase Undertaking and the Declaration of Trust that to the extent that any transfer of any of the Wakala Assets is not effective in any jurisdiction for any reason, it will make restitution in respect of those Wakala Assets, will fully accept title to the Wakala Assets on the basis of the title interest which the Trustee may have in the same and, if that interest is disputed or challenged, will fully indemnify the Trustee for the purpose of redemption in full or in part, as the case may be, of the Certificates and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price (see "*Summary of the Principal Transaction Documents—Purchase Undertaking*" and "*Summary of the Principal Transaction Documents—Declaration of Trust*"). However, If DIFCI is unable to satisfy any such claims then the Certificateholders may suffer losses.

DIFCI has agreed under the terms of the Declaration of Trust to submit to the jurisdiction of, at the option of the Delegate, the courts of England or the courts of the Dubai International Financial Centre (the "**DIFC Courts**") in respect of any dispute, claim, difference or controversy arising out of or in connection with the Declaration of Trust, subject to the right of the Trustee (or the Delegate on behalf of the Certificateholders) to elect to bring proceedings in any other court or courts of competent jurisdiction.

If DIFCI fails to purchase the Wakala Assets in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 12 and the terms of the Declaration of Trust, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Declaration of Trust against DIFCI by commencing proceedings in the DIFC Courts. The DIFC Courts should respect the choice of English law as the governing law of the Declaration of Trust.

Total Loss Event

From a *Shari'a* perspective, as owner of the Wakala Assets, the Trustee is required, among other things, to insure the Wakala Assets. The Trustee has appointed DIFCI as its servicing agent, which has undertaken in the Service Agency Agreement, *inter alia*, to insure the Wakala Assets in these circumstances in the name of the Trustee against the occurrence of a Total Loss Event for their Full Reinstatement Value. A Total Loss Event is defined as (i) the total destruction of, or damage to the whole of, the Wakala Assets or any event or occurrence which renders the whole of the Wakala Assets permanently unfit for any economic use and (but only after taking into consideration any insurances payable or other indemnity granted by any third party in respect of the Wakala Assets) the repair or remedial work in respect thereof is wholly uneconomical; or (ii) any expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets.

Nevertheless, should such an event occur the Certificates will be repaid using the proceeds of the insurance received by DIFCI. In this scenario, potential investors should be aware that there may be a delay in the Trustee receiving the proceeds of insurance and therefore in the Certificateholders receiving the Dissolution Distribution Amount in respect of their Certificates. In this regard, the Service Agency Agreement provides that if the insurance proceeds for an amount equal to the Full Reinstatement Value are not paid directly into the Transaction Account within 30 days of the occurrence of the Total Loss Event, the Servicing Agent shall have failed in its responsibility to insure the Wakala Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is neither attributable to its negligence nor its failure to comply with the terms of the Service Agency Agreement relating to insurance) DIFCI shall be responsible for paying any shortfall. The Delegate will be entitled to enforce this undertaking against DIFCI on behalf of the Certificateholders.

Risks Relating to the Certificates

The Certificates are unsecured obligations and the claims of the Trustee or the Delegate (on behalf of the Certificateholders) will rank behind the claims of DIFCI's secured creditors

Investors should be aware that if DIFCI becomes insolvent, any of DIFCI's assets which are the subject of a valid security arrangement will not be available to satisfy the claims of any of DIFCI's unsecured creditors, including the Trustee or the Delegate (on behalf of holders of the Certificates, or such Certificateholders following a failure by the Delegate to proceed as provided in the Conditions), and the claims of DIFCI's secured creditors will rank ahead of the claims of such parties accordingly.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Certificates. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders), will be (subject to Condition 13) against DIFCI 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 DIFCI 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 DIFCI 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 Trust Assets in accordance with the Conditions and the Declaration of Trust, the Trustee shall not be liable

for any further sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate or any other person (including DIFCI) to recover any such sum in respect of the Certificates or the Trust Assets.

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), 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.

Certificateholders will have no right to proceed directly against the Registrar of Companies or the Registrar of Real Properties

The Conditions of the Certificates require DIFCI to procure that each of the Registrar of Companies ("**RoC**") and the Registrar of Real Properties ("**RoRP**") will, within 15 Dubai Business Days after the end of each three month period ending on 31 March, 30 June, 30 September and 31 December in each year, pay an amount equal to the Relevant Funds of each respective entity for such period to DIFCI. However, investors should be aware that neither RoC nor RoRP will provide any binding obligation to make such payments or any guarantee or other contractual assurance in respect of the Certificates and, accordingly, neither the Trustee nor any Certificateholder will have any right of recourse against RoC or RoRP.

Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade

The denomination of the Certificates is U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Certificates may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 would need to purchase a principal amount of Certificates such that it holds an amount equal to at least U.S.$200,000 to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Certificates are legal investments for it, (ii) Certificates can be used as collateral for various types of borrowing and (iii) 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 Certificates under any applicable risk-based capital or similar rules.

Absence of secondary market/limited liquidity

The Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be 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. Illiquidity may have a severely adverse effect on the market value of Certificates.

Admission to listing and trading on NASDAQ Dubai cannot be assured

The Trustee and DIFCI have applied for the Certificates to be admitted to listing with the DFSA and trading on NASDAQ Dubai. However, prospective investors should note that there can be no assurance that such admission to listing and trading will occur or, if it occurs, can be maintained. The absence of admission to listing and trading on NASDAQ Dubai stock exchange, or a delisting of the Certificates from such market, may have an adverse effect on a Certificateholder's ability to hold, or resell, the Certificates.

The Certificates are subject to modification by a majority of Certificateholders without the consent of all Certificateholders

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and/or did not sign the Written Resolution or provide the relevant Electronic Consent and Certificateholders who voted in a manner contrary to the majority. The Delegate and the Trustee may agree to modify the Conditions of the Certificates without the consent of the Certificateholders in cases of, *inter alia*, manifest error. For further details of such matters and the relevant majorities required at meetings of Certificateholders, see Condition 14 and the corresponding provisions of the Declaration of Trust.

Investors may not be able to reinvest redemption proceeds of the Certificates at the same or a higher rate than the profit rate applicable to the Certificates

The Certificates may be redeemed prior to the Scheduled Dissolution Date if: (i) the Trustee has or will become obliged to increase the amounts payable in respect of the Certificates as a result of any change in, or amendment to, the laws or regulations of the DIFC, the Emirate of Dubai or the United Arab Emirates or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, and such obligation cannot be avoided by the Trustee taking reasonable measures available to it; (ii) DIFCI has or will become obliged to pay additional amounts to the Trustee pursuant to the Service Agency Agreement as a result of any change in, or amendment to, the laws or regulations of the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, and such obligation cannot be avoided by DIFCI taking reasonable measures available to it, in each case in accordance with Condition 8(b); or (iii) 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c). The Certificates may also be redeemed prior to the Scheduled Dissolution Date following the occurrence of a Dissolution Event or a Total Loss Event.

If the Certificates are redeemed as described above, an investor may not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Exchange rate risks and exchange controls

The Trustee will make all payments on the Certificates in U.S. dollars. 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 U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the principal payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

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

Risks relating to enforcement

DIFCI's waiver of sovereign or other immunity may not be effective

Ultimately the payments under the Certificates are dependent upon DIFCI making payments to the Trustee in the manner contemplated under the Transaction Documents. If DIFCI fails to do so, it may be necessary to bring an action against DIFCI to enforce its obligations and/or claim damages, as appropriate, which could be both time consuming and costly. In relation to any such action brought in the DIFC courts, there is limited precedent available to determine how such courts would treat the relevant action.

Article 247 of UAE Federal Law No. 11 of 1992 regarding the Law of Civil Procedure (as amended) (the "**UAE Civil Procedures Law**") states that "without prejudice to the provisions of any other law,

the following may not be confiscated: (1) public or private assets owned by the State or any of the Emirates''. Although there is a risk that assets of DIFCI could be considered to be assets of the State for this purpose, Article 247 of the UAE Civil Procedures Law should not apply to DIFCI as Article 3 of UAE Federal Law No. 8 of 2004 exempts financial freezones such as the DIFC from civil and commercial federal laws of the UAE. However, Article 3 of UAE Federal Law No. 8 of 2004 has not been tested and so no assurance can be given as to whether the Trustee and/or the Delegate would be successful in enforcing any judgment of a court (in the DIFC or elsewhere) against the properties and assets of DIFCI.

In addition, under the Transaction Documents, DIFCI will irrevocably waive to the fullest extent possible in any jurisdiction any immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, DIFCI represents and agrees that it will not claim such immunity. However, the effectiveness of any such waiver remains untested and so no assurance can be given as to whether any such waiver of immunity would be effective against DIFCI.

Accordingly, DIFCI's properties and assets may be entitled to immunity in any attachment or enforcement action in Dubai and/or the DIFC.

A change of law may adversely affect the Certificates

The structure of the issue of the Certificates is based on English law and the laws of the DIFC and administrative practices in effect as at the date of this Prospectus, and the Certificates and the Transaction Documents (other than the Purchase Agreement and the Lease Agreement) are governed by English law. No assurance can be given as to the impact of any possible change to English or DIFC law or administrative practices after the date of this 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 DIFCI to comply with its obligations under the Transaction Documents.

Investors may experience difficulty in enforcing foreign judgments in the DIFC

Under the Conditions and the Transaction Documents, any dispute may be referred to the courts in England (or such other court with jurisdiction which the Delegate may elect).

Where an English judgment, or such other foreign judgment, has been obtained, there is no assurance that DIFCI has or would at the relevant time have assets in the United Kingdom (or such other foreign jurisdiction) against which such a judgment could be enforced.

DIFCI is incorporated in, and under the laws of, the DIFC and the majority of its assets are located in the DIFC. The DIFC courts and the Commercial Court, Queen's Bench Division of the High Court of England and Wales have entered into a memorandum of guidance pursuant to which the respective courts have set out their understanding of the procedures for the mutual enforcement of money judgments made by each of the respective courts. The memorandum of guidance and the procedures set out therein remain largely untested, and therefore there is limited certainty as to whether a DIFC court would, in all circumstances, enforce an English court judgment without re-examining the merits of the claim.

Claims for specific performance

If DIFCI fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the relevant obligations or a claim for damages. There is no assurance that any court would order specific performance of a contractual obligation.

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 DIFCI to perform its obligations as set out in the Transaction Documents to which it is a party.

Additional Risk Factors

Investors in the Certificates must rely on Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances

described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates are represented by the Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

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

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

No assurance can be given as to Shari'a rules

The Executive Committee of the Fatwa and Shariah Advisory Board of Dubai Islamic Bank P.J.S.C., Dar Al Sharia Legal & Financial Consultancy, the Fatwa and Shari'a Supervisory Board of Noor Bank P.J.S.C. and the Shari'a Supervisory Committee of Standard Chartered Bank have confirmed that the Transaction Documents are, in their view, *Shari'a* compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, DIFCI, the Delegate or the Joint Lead Managers makes any representation as to the *Shari'a* compliance of the Certificates and/or any trading thereof and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible.

In addition, prospective investors are reminded that DIFCI has agreed under certain of the Transaction Documents to submit to the jurisdiction of the courts of England or the DIFC Courts, at the option of the Trustee or the Delegate (as applicable). In such circumstances, the judge will first apply the relevant law of the relevant Transaction Document rather than *Shari'a* principles in determining the obligation of the parties.

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 any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against DIFCI, 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.

Risk Factors relating to taxation

Taxation risks on payments

Payments made by DIFCI to the Trustee under the Transaction Documents or by the Trustee in respect of the Certificates could become subject to taxation. The Service Agency Agreement requires DIFCI (in its capacity as Servicing Agent) to pay additional amounts in the event that any withholding or deduction is required by law to be made in respect of payments made by it to the Trustee under that document. Furthermore, Condition 10 provides that the Trustee is required in certain circumstances to pay additional amounts in respect of any such withholdings or deductions imposed by the DIFC, the Emirate of Dubai or the United Arab Emirates or any other authority thereof having power to tax. If the Trustee fails to gross-up for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, DIFCI has, pursuant to the Declaration of Trust, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 10 in respect of any withholding or deduction in respect of any tax as set out in that Condition.

The circumstances described above may entitle DIFCI and the Trustee to redeem the Certificates pursuant to Condition 8(b). See "*—Risks Relating to the Certificates—Investors may not be able to*

reinvest redemption proceeds of the Certificates at the same or a higher rate than the profit rate applicable to the Certificates" for a description of the consequences thereof.

EU Savings Directive

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires European Union ("**EU**") Member States to provide to the tax authorities of other EU Member States details of certain payments of interest and other similar income (which may include Periodic Distribution Amounts) paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in another EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted a Directive (the "**Amending Directive**") which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Trustee nor any Paying Agent (as defined in the Conditions) nor any other person would be obliged to pay additional amounts with respect to any Certificates as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

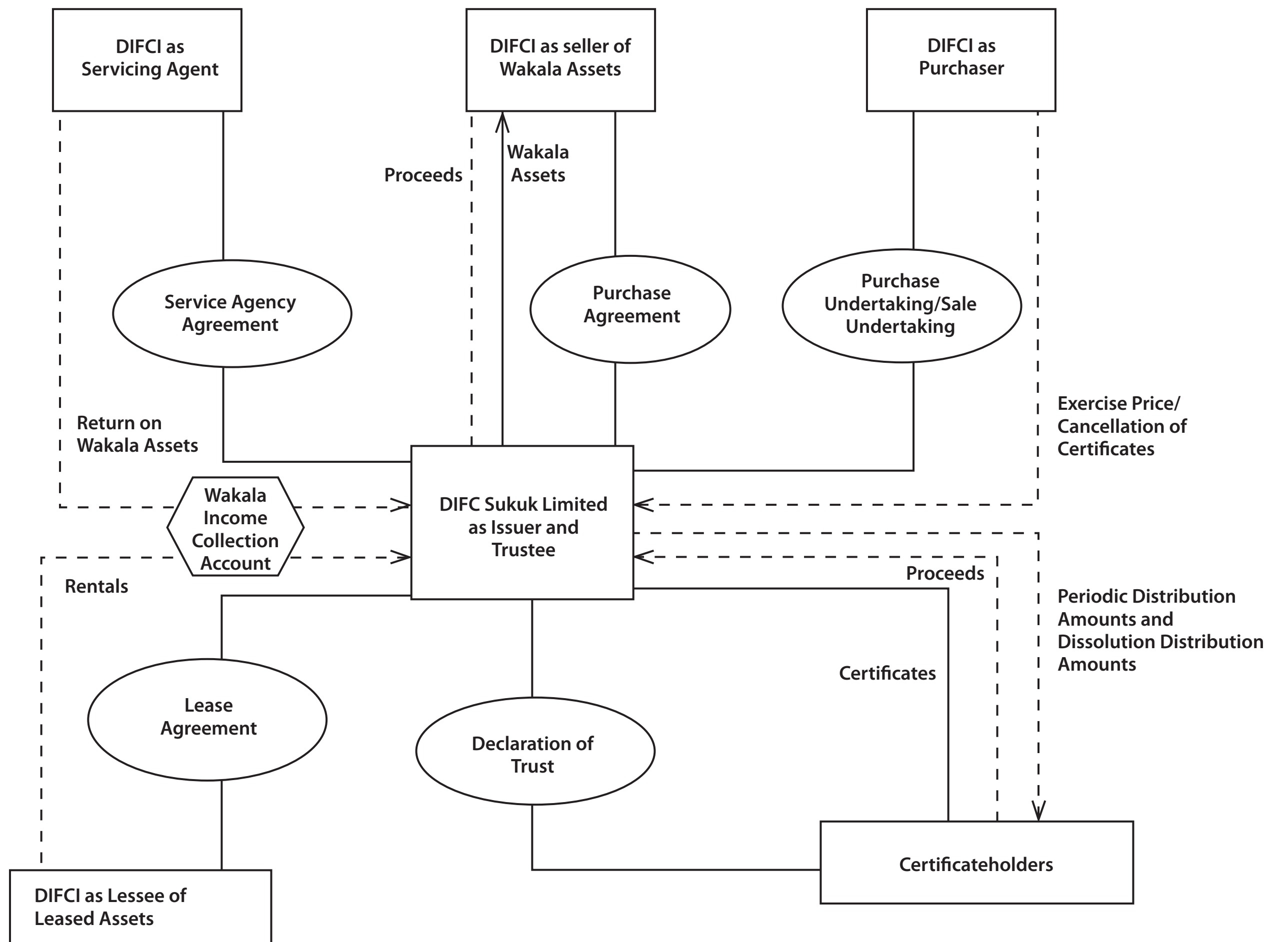
The Trustee is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the relevant Certificateholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read this entire Prospectus carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Structure Diagram



Principal cash flows

Payments by the Certificateholders and the Trustee

On the Issue Date, the Trustee will use the proceeds of the Certificates to purchase from DIFCI a portfolio (the "**Wakala Portfolio**") of: (i) income generating real estate related assets located in the DIFC which are leased or to be leased (other than on the basis of a finance lease) to third parties as at the Issue Date (each, an "**Externally Leased Asset**" and the lease relating thereto, an "**External Lease**"); and (ii) one or more plots of land or other real estate related assets located in the DIFC which is or are (as applicable) either: (a) to be developed in accordance with a development plan; or (b) already developed but not the subject of an External Lease (the "**Self-Use Assets**") and which will become Leased Assets (as defined below) on the Issue Date (each such Externally Leased Asset and Self-Use Asset comprising part of the Wakala Portfolio being a "**Wakala Asset**", and the Wakala Portfolio on the Issue Date being the "**Initial Wakala Portfolio**"). The Trustee will appoint DIFCI as

the servicing agent (the "**Servicing Agent**") to manage the Wakala Portfolio pursuant to the Service Agency Agreement.

Periodic Distribution Payments

Prior to each Periodic Distribution Date, the Servicing Agent will pay to the Trustee (by way of a payment into the Transaction Account) an amount comprising returns generated by the Wakala Portfolio ("**Wakala Portfolio Revenues**") during the relevant Wakala Distribution Period, which is intended to be sufficient to fund the Required Amount (as defined below) and shall be applied by the Trustee for that purpose.

If the Wakala Portfolio Revenues to be paid by the Servicing Agent into the Transaction Account on any Wakala Distribution Determination Date (being the Business Day immediately prior to the relevant Periodic Distribution Date) are greater than the Required Amount in respect of the Certificates on the immediately following Periodic Distribution Date, the amount of any excess shall be retained by the Servicing Agent as a reserve and credited to a separate ledger account (the "**Wakala Income Reserve Collection Account**") maintained by the Servicing Agent and the amount to be transferred to the Transaction Account in respect of such Wakala Portfolio Revenues shall be reduced accordingly.

If there is a shortfall on any Wakala Distribution Determination Date (after transfer of the Wakala Portfolio Revenues into the Transaction Account as described above) between: (i) the amounts standing to the credit of the Transaction Account; and (ii) the aggregate of the Periodic Distribution Amounts (the "**Required Amount**") payable in respect of the Certificates on the immediately following Periodic Distribution Date (a "**Shortfall**"), the Servicing Agent shall first apply the amounts standing to the credit of the Wakala Income Reserve Collection Account (if any) towards such Shortfall by transferring into the Transaction Account from the Wakala Income Reserve Collection Account on that Wakala Distribution Determination Date an amount equal to the lesser of the Shortfall and the then balance of the Wakala Income Reserve Collection Account. If, having applied such amounts standing to the credit of the Wakala Income Reserve Collection Account (if any), any part of the Shortfall still remains, the Servicing Agent may either:

(a) provide non-interest-bearing (or otherwise *Shari'a* compliant) funding to the Trustee itself; or

(b) procure non-interest-bearing (or otherwise *Shari'a* compliant) funding from a third party to be paid to the Trustee,

in each case in the amount required to ensure that there is no Shortfall and on terms that such funding is repayable from future excess Wakala Portfolio Revenues or on the date on which the Certificates are redeemed in full through a deduction (by way of set-off) from the Exercise Price payable under the Sale Undertaking or the Purchase Undertaking, as applicable (each a "**Liquidity Facility**").

Dissolution Payments

On the Scheduled Dissolution Date, the Trustee will have the right under the Purchase Undertaking to require DIFCI to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio. The Exercise Price payable by DIFCI is intended to fund the Dissolution Distribution Amount payable by the Trustee.

The Trust may be dissolved prior to the Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event, (ii) an early redemption for tax reasons, (iii) at the option of the Certificateholders following any Change of Control, (iv) at the option of DIFCI if 75 per cent. or more of the face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c) (and/or otherwise previously purchased and cancelled pursuant to Condition 8(g)) and (v) upon the occurrence of a Total Loss Event.

In the case of (i) above, the amounts payable by the Trustee on the due date for dissolution will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date. In the case of (ii) and (iv) above, DIFCI will have the right under the Sale Undertaking to require the Trustee to sell to DIFCI all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio. The exercise price payable by DIFCI is then intended to fund the amounts payable by the Trustee on the due date for dissolution. In the case of (iii) above, the Trustee will redeem the relevant Certificates on the Change of Control Put Right Date, at the Dissolution Distribution Amount. Any such redemption shall be funded through the exercise by the Trustee of its right under the Purchase Undertaking to require DIFCI to purchase all

of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Change of Control Wakala Assets with an aggregate value no greater than the aggregate face amount of the Certificates to be redeemed. In the case of (v) above, the amounts payable to Certificateholders will be an amount equal to the sum of: (A) the proceeds of any insurance policies which the Servicing Agent has entered into for and on behalf of the Trustee in respect of the relevant Wakala Assets and/or any Total Loss Shortfall Amount; and (B) all of the Wakala Portfolio Revenues credited to the Collection Accounts (as defined in the Service Agency Agreement) which the Servicing Agent is required to transfer to the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event, such amount being intended to be sufficient in order to redeem the Certificates in full.

OVERVIEW OF THE OFFERING

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview does not contain all of the information that an investor should consider before investing in the Certificates. Each investor should read the entire Prospectus carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Words and expressions defined in the Conditions shall have the same meanings in this overview.

Certificates	U.S.$700,000,000 trust certificates due 2024.
Trustee	DIFC Sukuk Limited as Issuer of the Certificates and as trustee for and on behalf of the Certificateholders, a special purpose company incorporated in the Dubai International Financial Centre under the DIFC Companies Law (Law No. 2 of 2009) (as amended by DIFC Amendment Law No.1 of 2013) and the Special Purpose Company Regulations with registered number 1668 and having its registered office at Office 616, 6th Floor, Liberty House, Dubai International Financial Centre, P.O. Box 506734, Dubai, UAE.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.$100 consisting of 100 ordinary shares of U.S.$1.00 each, all of which are fully-paid and issued. The Trustee's entire issued share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of the Share Declaration of Trust.
Administration of the Trustee	The affairs of the Trustee are managed by Maples Fund Services (Middle East) Limited (the "**Corporate Administrator**"), who has agreed to perform certain management functions and provide certain management, administrative and other services pursuant to a Corporate Services Agreement dated 9 October 2014 between the Corporate Administrator and the Trustee (the "**Corporate Services Agreement**"). The Corporate Administrator's registered office is Office 616, 6th Floor, Liberty House, Dubai International Financial Centre, P.O. Box 506734, Dubai, UAE.
Obligor, Seller and Servicing Agent	DIFC Investments LLC, incorporated in the DIFC on 22 May 2006 with registration number CL0181.
Risk Factors	Certain factors may affect the Trustee's ability to fulfil its obligations under the Certificates and DIFCI's ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, certain factors are material for the purpose of assessing the market risks associated with the Certificates. These are set out under "*Risk Factors*".
Joint Lead Managers	Dubai Islamic Bank P.J.S.C., Emirates NBD Capital Limited, Noor Bank P.J.S.C. and Standard Chartered Bank.
Delegate	BNY Mellon Corporate Trustee Services Limited Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future powers, authorities and discretions vested in the Trustee by certain provisions of the Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against DIFCI following a Dissolution Event.
Principal Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Summary of the transaction structure and Transaction Documents	An overview of the structure of the transaction and the principal cash flows is set out under "*Structure Diagram and Cash Flows*" and a description of the principal terms of certain of the

	Transaction Documents is set out under "*Summary of the Principal Transaction Documents*".
Issue Date	12 November 2014.
Issue Price	100.000 per cent.
Scheduled Dissolution Date	Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the Dissolution Distribution Amount on the Scheduled Dissolution Date (being 12 November 2024) and the Trust will be dissolved by the Trustee.
Dissolution Date	The Dissolution Date shall be, as the case may be: (i) the Scheduled Dissolution Date; (ii) following the occurrence of a Dissolution Event, the date on which the Certificates are redeemed in accordance with the provisions of Condition 12; (iii) following the occurrence of an early redemption for tax reasons or a Total Loss Event, the date on which the Certificates are redeemed in accordance with the provisions of Condition 8; (iv) any Change of Control Put Right Date; or (v) the Clean Up Call Right Dissolution Date.
Periodic Distribution Dates	12 May and 12 November every year, commencing on 12 May 2015.
Periodic Distributions	A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date and shall accrue at the rate of 4.325 per cent. per annum.
Return Accumulation Period	The period from and including the Issue Date to, but excluding, the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to, but excluding, the next succeeding Periodic Distribution Date or, if earlier, the relevant Dissolution Date.
Optional Redemption by the Trustee	The Conditions will contain a provision for optional redemption by the Trustee, at any time, in whole but not in part if (i) (A) the Trustee has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the DIFC, the Emirate of Dubai or the United Arab Emirates or any political subdivision or, in each case, 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 10 November 2014, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or (ii) (A) DIFCI has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of the Service Agency Agreement as a result of any change in, or amendment to, the laws or regulations of the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, 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 10 November 2014, and (B) such obligation cannot be avoided by DIFCI taking reasonable measures available to it. The terms of exercise are further described in Condition 8(b).
Optional Redemption by Certificateholders upon a Change of Control	The Conditions will contain a provision for optional redemption by any Certificateholder of all or part of the Certificates held by it, at the Dissolution Distribution Amount, upon the occurrence of a Change of Control. A Change of Control shall occur if at any time the Government of Dubai or any agency thereof ceases to

beneficially own, directly or indirectly, at least 51 per cent. of the issued share capital of DIFCI or otherwise ceases to control, directly or indirectly, DIFCI, as more particularly described in Condition 8(c).

Furthermore, if 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c) (and/or otherwise previously purchased and cancelled pursuant to Condition 8(g)), DIFCI may in its sole discretion instruct the Trustee to redeem all (but not some only) of the remaining outstanding Certificates at their Dissolution Distribution Amount.

The terms of exercise are further described in Condition 8(c).

Total Loss Event

A "**Total Loss Event**" is (i) the total destruction of, or damage to the whole of, the Wakala Assets or any event or occurrence which renders the whole of the Wakala Assets permanently unfit for any economic use and (but only after taking into consideration any insurances payable or other indemnity granted by any third party in respect of the Wakala Assets) the repair or remedial work in respect thereof is wholly uneconomical; or (ii) there occurs any expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets.

The Servicing Agent will irrevocably undertake with the Trustee, in relation to the Wakala Portfolio to: (a) ensure that the Wakala Assets are insured (and to use its reasonable endeavours to obtain such insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms), and, accordingly, will effect such insurances in respect of the Wakala Assets (the "**Insurances**"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event and ensure that the insured amount relating to a Total Loss Event will, at all times, be at least equal to the "**Full Reinstatement Value**" (being the aggregate face amount of the Certificates outstanding at the time of the Total Loss Event plus: (i) all accrued but unpaid Periodic Distribution Amounts relating to such Certificates; and (ii) an amount equal to the Periodic Distribution Amounts relating to such Certificates which will accrue during the period beginning on the date on which the Total Loss Event occurs and ending on (but excluding) the earlier of (x) the date on which the Certificates are redeemed in full in accordance with Condition 8(e)); and (y) the 31st day following the date on which a Total Loss Event occurs; (b) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances; and (c) ensure that in the event of a Total Loss Event occurring all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the insurer(s) will be directed accordingly.

If the Servicing Agent fails to comply with such undertaking and as a result of such breach the amount (if any) credited to the Transaction Account pursuant to the Service Agency Agreement is less than the Full Reinstatement Value (the difference between such Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is neither attributable to its

negligence nor its failing to comply with the terms of the Service Agency Agreement relating to insurance) will irrevocably and unconditionally indemnify (on an after Tax basis) the Trustee for the Total Loss Shortfall Amount, which will be payable (in same day, freely transferable, cleared funds) directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Thereafter, and subject to the Servicing Agent's strict compliance with such obligations, any insurance proceeds received from such insurer will be for the Servicing Agent's sole account and the Trustee shall have no further rights against the Servicing Agent in respect of its breach of such insurance provisions. Any such breach will not however constitute a DIFCI Event.

Form of Certificates

The Certificates will be issued in registered form as described in "*Global Certificate*". The Certificates will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances.

Clearance and Settlement

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

Denomination of the Certificates

The Certificates will be issued in registered form in face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Status of the Certificates

Each Certificate will represent an undivided ownership interest in the Trust Assets, will be a limited recourse obligation of the Trustee and will rank *pari passu* without any preference or priority with all other Certificates; see Condition 4.

The payment obligations of DIFCI under the Transaction Documents to which it is a party shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b)(i), at all times rank at least equally with all other unsecured and unsubordinated obligations of DIFCI, present and future.

Trust Assets

The Trust Assets comprise:

(a) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Portfolio;

(b) the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by DIFCI to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 18.1 of the Declaration of Trust); and

(c) all monies standing to the credit of the Transaction Account from time to time,

	and all proceeds of the foregoing. The Trustee shall hold the Trust Assets upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the Conditions.
Dissolution Events	Subject to Condition 12, upon the occurrence of a Dissolution Event the Trustee and/or the Delegate shall take the actions referred to in Condition 13.
Withholding Tax	Subject to Condition 9(b) and Condition 10, all payments in respect of the Certificates shall be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the DIFC, the United Arab Emirates or the Emirate of Dubai or any authority thereof having power to tax, unless such withholding or deduction is required by law. In such event (and subject as aforesaid), the Trustee will pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required. The Transaction Documents provide that payments thereunder by DIFCI 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 within the DIFC, the United Arab Emirates or the Emirate of Dubai or any authority thereof having power to tax, unless such withholding or deduction is required by law and, in such case, provide for the payment by DIFCI of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.
Trustee Covenants	The Trustee has agreed to certain restrictive covenants as set out in Condition 6(a).
DIFCI Negative Pledge and Other Covenants	DIFCI has agreed to certain covenants as set out in Condition 6(b).
Cancellation of Certificates held by DIFCI, any Subsidiary of DIFCI and/or the Trustee	Pursuant to Condition 8(g), DIFCI, any Subsidiary of DIFCI and/or or the Trustee may at any time purchase Certificates in the open market or otherwise. If DIFCI wishes to cancel such Certificates purchased by it, DIFCI will deliver those Certificates to the Principal Paying Agent for cancellation. DIFCI may also exercise its option under the Sale Undertaking to require the Trustee to transfer to DIFCI all of its rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets (as defined in the Sale Undertaking) with an aggregate value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation, the Trustee will transfer those Wakala Assets to DIFCI.
Wakala Asset Substitution	The Servicing Agent may substitute Wakala Assets in accordance with the relevant provisions of the Service Agency Agreement and the Sale Undertaking, provided that the value of any substitute assets shall have an aggregate value which is not less than the aggregate value of the Wakala Assets to be so substituted.
Ratings	DIFCI has been assigned a rating of ''BBB-'' with a ''stable outlook'' by Standard & Poor's. A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Certificateholder Meetings	A summary of the provisions for convening meetings of the Certificateholders to consider matters relating to their interests as such is set out in Condition 14.
Tax Considerations	See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.
Listing and Admission to Trading	Application has been made to the DFSA for the Certificates to be admitted to the Official List and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai.
Transaction Documents	The Declaration of Trust, the Agency Agreement, the Purchase Agreement, the Service Agency Agreement, the Lease Agreement, the Purchase Undertaking and the Sale Undertaking are referred to herein as the "**Transaction Documents**".
Governing Law and Dispute Resolution	The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law. The Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking and any non-contractual obligations arising out of or in connection with the same will be governed by English law. In respect of any dispute under any such agreement or deed to which it is a party, DIFCI has agreed to submit to the jurisdiction of the courts of England or the DIFC Courts, at the option of the Delegate or the Trustee (as applicable), in respect of any dispute under the Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking (subject to the right of the Trustee and the Delegate to require any dispute to be resolved by any other court of competent jurisdiction). Each of the Purchase Agreement, the Lease Agreement and each Sale Agreement and Transfer Agreement entered into under the Purchase Undertaking and each Sale Agreement and Transfer Agreement entered into under the Sale Undertaking will be governed by the laws of the DIFC and will be subject to the exclusive jurisdiction of the DIFC courts.
Waiver of Immunity	To the extent that DIFCI may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to DIFCI or its assets or revenues, DIFCI has agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.
Limited Recourse	The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as otherwise provided in Condition 4(b), the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, DIFCI, any of the Agents or any of their respective affiliates. Subject to Condition 12, 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 (and/or its directors, officers, shareholders or corporate services provider in their capacity as such) (other than the Trust Assets) or of the Delegate or the Agents or any of their respective affiliates, in each case in respect of any shortfall or otherwise. See Condition 4(b) for further details.
Selling Restrictions	There are restrictions on the distribution of this Prospectus and the offer or sale of Certificates in the United States, the United

	Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Qatar, Hong Kong, Singapore and Malaysia. See "*Subscription and Sale*".
Use of Proceeds	The proceeds of the issue of the Certificates will be paid by the Trustee (as Purchaser) to DIFCI (as Seller) for the purchase from the Seller of all of its rights, title, interests, benefits, entitlements in, to and under the Initial Wakala Portfolio as described in "*Use of Proceeds*".

TERMS AND CONDITIONS OF THE CERTIFICATES

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

DIFC Sukuk Limited (in its capacity as issuer and in its capacity as trustee, as applicable, the "**Trustee**") has issued trust certificates (the "**Certificates**") in an aggregate face amount of U.S.$700,000,000.

The Certificates are constituted by a declaration of trust dated 12 November 2014 (the "**Issue Date**") between the Trustee, DIFC Investments LLC ("**DIFCI**") and BNY Mellon Corporate Trustee Services Limited as the Trustee's delegate (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under the Declaration of Trust) (the "**Declaration of Trust**").

An Agency Agreement (the "**Agency Agreement**") dated the Issue Date has been entered into in relation to the Certificates between the Trustee, DIFCI, the Delegate, The Bank of New York Mellon, London Branch as initial principal paying agent and the other agents named in it. The principal paying agent, the other paying agents, the registrar and the transfer agents are referred to below respectively as the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Registrar**" and the "**Transfer Agents**" (which expression shall include the Registrar), and together the "**Agents**".

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, which includes the form of Certificates referred to below, the Agency Agreement and the remaining Transaction Documents (as defined below). The Certificateholders 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 and/or collection during usual business hours at the principal office of the Delegate and of the Principal Paying Agent.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the proceeds of the issue of the Certificates towards the purchase from DIFCI of the Initial Wakala Portfolio described in the Purchase Agreement, and (b) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions.

1 Interpretation

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 Declaration of Trust and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

"**Affiliate**" means with respect to any specified Person: (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (ii) any other Person that owns, directly or indirectly through one or more Subsidiaries, 20 per cent. or more of any class of such specified Person's Capital Stock. For the purposes of this definition, "**control**", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing, provided that, for the purposes of this definition, the term "**Affiliate**" in respect of the Trustee shall not include any other entity for which MaplesFS Limited acts as share trustee;

"**Aggregate Consolidated Net Finance Cost**" means, in respect of any Measurement Period, the sum of DIFCI's Consolidated Net Finance Cost, RoC's Consolidated Net Finance Cost and RoRP's Consolidated Net Finance Cost for that Measurement Period;

"**Aggregate EBITDA**" means, in respect of any Measurement Period, the sum of DIFCI's EBITDA, RoC's EBITDA and RoRP's EBITDA for that Measurement Period;

"**Asset Sale**" means any sale, Non-Ordinary Course Lease, sale and lease back, transfer or other disposition by any member of DIFCI's Group of all or any of the legal or beneficial interest in any Capital Stock or any property or assets of any member of DIFCI's Group (either in one transaction or in a series of related transactions at the same time or over a period of time) to any Person who is not a member of DIFCI's Group;

"**Authorised Signatory**" means, in relation to the Trustee or DIFCI, any person who: (a) is a director or manager of the Trustee or DIFCI as applicable; or (b) is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director, secretary, manager or another duly authorised person of the Trustee or DIFCI as applicable setting out the name and signature of such person and confirming such person's authority to act;

"**Average Life**" means, as of the date of determination with respect to any Financial Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of:

 (i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Financial Indebtedness; and

 (ii) the amount of each such principal payment;

by

(b) the sum of all such principal payments;

"**Borrowings**" means, at any time, the aggregate outstanding principal, capital or nominal amount of, and any fixed or minimum premium payable on prepayment or redemption of, any indebtedness for or in respect of Financial Indebtedness;

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in U.S. dollars;

"**Calculation Amount**" means U.S.$1,000;

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such Person, whether outstanding at the Issue Date or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock;

"**Certificateholder**" or "**holder**" has the meaning given to it in Condition 2;

"**Change of Control**" shall occur if at any time the Government of Dubai or any agency thereof ceases to beneficially own, directly or indirectly, at least 51 per cent. of the issued share capital of DIFCI or otherwise ceases to control, directly or indirectly, DIFCI and "**control**" for these purposes shall be the power to appoint and/or remove all or the majority of the members of the Board of Managers or other governing body of DIFCI or to control or have the power to control the affairs and policies of DIFCI (in each case whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise);

"**Change of Control Exercise Notice**" has the meaning given to it in Condition 8(c);

"**Change of Control Notice**" has the meaning given to it in Condition 8(c);

"**Change of Control Put Period**" has the meaning given to it in Condition 8(c);

"**Change of Control Put Right**" means the right exercisable by Certificateholders pursuant to Condition 8(c);

"**Change of Control Put Right Date**" shall be the tenth Business Day after the expiry of the Change of Control Put Period;

"**Clean Up Call Right Dissolution Date**" has the meaning given to it in Condition 8(c);

"**Consolidated Net Finance Cost**" means, in respect of any Person and any Measurement Period:

(a) the aggregate amount of the accrued interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness (other than trade payables) (whether, in each case, paid or payable by any member of such Person's Group (calculated on a consolidated basis)) in respect of such Measurement Period; less

(b) the aggregate amount of all financing charges received or receivable by any member of such Person's Group (calculated on a consolidated basis) during such Measurement Period,

in each case as determined by such Person in its management accounts and on a basis consistent with the accounting policies applied in preparing the most recent published audited or reviewed consolidated financial statements of that Person's Group (save that such management accounts are prepared on a non-consolidated basis);

"**Consolidated Net Income**" means the consolidated net income or loss of DIFCI determined in accordance with IFRS by reference to the published audited or reviewed consolidated financial statements of DIFCI's Group;

"**Consolidated Total Gross Indebtedness**" means, in respect of any Measurement Period:

(a) the aggregate amount of all obligations of DIFCI's Group for or in respect of Borrowings as at the last day of such Measurement Period, as determined by reference to the most recent published audited or reviewed consolidated financial statements of DIFCI's Group prepared in accordance with IFRS; plus

(b) the aggregate amount of all obligations incurred by DIFCI or any of its Subsidiaries for or in respect of Borrowings after the last day of such Measurement Period, as determined by DIFCI in its management accounts and on a basis consistent with the accounting policies applied in preparing the most recent published audited or reviewed consolidated financial statements of DIFCI's Group (save that such management accounts are prepared on a non-consolidated basis);

"**Corporate Administrator**" means Maples Fund Services (Middle East) Limited as corporate administrator of the Trustee;

"**Corporate Services Agreement**" means the corporate services agreement entered into between the Trustee and the Corporate Administrator on or before the Issue Date;

"**Day Count Fraction**" has the meaning given to it in Condition 7(b);

"**Delegation**" has the meaning given to it in Condition 15(a);

"**DIFC**" means the Dubai International Financial Centre;

"**DIFCI Event**" shall mean each of the following events (but in the case of the happening of any of the events described in paragraph (c) below, only if the Delegate shall have certified in writing to the Trustee and DIFCI that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders):

(a) **Non-payment:** DIFCI (acting in any capacity) fails to pay an amount in the nature of profit payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of 14 days, or DIFCI (acting in any capacity) fails to pay an amount in the nature of principal payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of seven days; or

(b) **Breach of covenants:** DIFCI does not perform or comply with any one or more of its covenants or other obligations under Condition 6(b), other than its obligations set out in Conditions 6(b)(iv), 6(b)(vi), 6(b)(vii) and 6(b)(viii); or

(c) **Breach of other obligations:** DIFCI (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations in Condition 6(b)(iv), Condition 6(b)(vi), Condition 6(b)(vii) or Condition 6(b)(viii) or in the Transaction Documents to which it is a party, which failure: (i) is, in the opinion of the Delegate, incapable of remedy; or (ii) (if, in the opinion of the Delegate, such failure is capable of remedy) is not, in the opinion of the Delegate, remedied within the period of 30 days, or in the case of a breach of Condition 6(b)(vi) or Condition 6(b)(viii) within the period of 10 days, in each case after written notice of such failure shall have been given to DIFCI by the Trustee (or the Delegate) requiring the same to be remedied, except that a failure by DIFCI (acting in its capacity as Servicing Agent) to comply with its obligations set out in clause 3.2 and clause 3.4 of the Service Agency Agreement will not constitute a DIFCI Event; or

(d) **Cross-default:** (i) the holders of any Indebtedness of DIFCI or any Subsidiary of DIFCI accelerate such Indebtedness or declare such Indebtedness to be due and payable or required to be prepaid, or any such Indebtedness becomes capable of being declared due and payable (in each case, other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Indebtedness), prior to the stated maturity thereof by reason of default (howsoever described) on the part of DIFCI or such Subsidiary; or (ii) DIFCI or any Subsidiary of DIFCI fails to pay in full any principal of, or interest or profit, as the case may be, on, any of its Indebtedness when due (after expiration of any originally applicable grace period) or any guarantee of any Indebtedness of others given by DIFCI or any Subsidiary of DIFCI is not honoured when due and called upon, provided that the aggregate

amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (d) has occurred equals or exceeds U.S.$40,000,000 (or its equivalent in any other currency or currencies); or

(e) **Order for dissolution:** any order is made by any competent court or resolution passed for the winding-up or dissolution of DIFCI or any Material Subsidiary, save in connection with a Permitted Reorganisation; or

(f) **Cessation of business:** DIFCI or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in connection with a Permitted Reorganisation; or

(g) **Order to pay specified amount:** one or more judgments or orders for the payment of any sum in excess of U.S.$40,000,000 (or its equivalent in any currency or currencies), whether individually or in aggregate, is (or are) rendered against DIFCI and/or any Subsidiary of DIFCI and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days); or

(h) **Liquidation or enforcement proceedings:** (i) DIFCI or any Material Subsidiary takes any corporate action or any steps are taken or any court or other proceedings are initiated against DIFCI or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of a liquidator, an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by DIFCI or the relevant Material Subsidiary, as the case may be), or a liquidator, an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to DIFCI or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of any of them (save, in all cases, in connection with a Permitted Reorganisation); or (ii) an encumbrancer takes possession of all or substantially all of the undertaking or assets of DIFCI or any Material Subsidiary, or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of DIFCI or any Material Subsidiary; and in each case (other than the appointment of an administrator) is not discharged within 30 days; or

(i) **Insolvency:** (i) DIFCI or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or (ii) DIFCI or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save, in all cases, in connection with a Permitted Reorganisation; or

(j) **Analogous events:** any event occurs which under the laws of the DIFC or any other relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e), (g), (h) and (i) above; or

(k) **Security Interest:** any one or more Security Interests, present or future, created or assumed by DIFCI and/or any Subsidiary of DIFCI and securing an amount which equals or exceeds U.S.$40,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, become(s) enforceable and any step is taken to enforce such Security Interest(s) (including the taking of possession or the appointment of a receiver, manager or other similar person) unless the full amount of the debt(s) which is (or are) secured by the relevant Security Interest(s) is (or are) discharged within 60 days of the later of the first date on which: (i) a step is taken to enforce the relevant Security Interest(s); or (ii) DIFCI and/or the relevant Subsidiary of DIFCI, as the case may be, is notified that a step has been taken to enforce the relevant Security Interest(s); or

(l) **Further assurance:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable DIFCI lawfully to enter into, exercise its rights and perform and comply with its obligations under the

Transaction Documents to which it is party; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Transaction Documents to which it is party admissible in evidence in the courts of England, the DIFC, the United Arab Emirates or any Emirate thereof is not taken, fulfilled or done, except that, provided no other Dissolution Event has occurred, the non-registration of legal title to the Wakala Assets in the name of the Trustee will not constitute a DIFCI Event for these purposes; or

(m) **Repudiation:** DIFCI repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, these Conditions or any (or any part of any) Transaction Document to which it is a party; or

(n) **Lawful obligations:** at any time it is or becomes unlawful for DIFCI to perform any or all of its obligations under or in respect of the Transaction Documents to which it is a party or any of the obligations of DIFCI thereunder are not or cease to be legal, valid, binding or enforceable; or

(o) **Assets seized:** all or substantially all of the undertaking, assets and/or revenues of DIFCI or any Material Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or (ii) DIFCI or any Material Subsidiary is prevented by any such Person from exercising normal control over all or substantially all of its undertaking, assets and/or revenues;

"**Dispute**" has the meaning given to it in Condition 19(b);

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

(a) the Scheduled Dissolution Date;

(b) any Early Tax Dissolution Date;

(c) any Change of Control Put Right Date;

(d) any Total Loss Event Dissolution Date;

(e) any Dissolution Event Redemption Date; or

(f) the Clean Up Call Right Dissolution Date;

"**Dissolution Distribution Amount**" means the sum of:

(a) the outstanding face amount of such Certificate; and

(b) any due and unpaid Periodic Distribution Amounts for such Certificate;

"**Dissolution Event**" means a DIFCI Event or a Trustee Event;

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 12(a);

"**Dissolution Notice**" has the meaning given to it in Condition 12(a)(ii);

"**Dubai Business Day**" means a day (other than a Friday or a Saturday) on which banks are open for business in the Emirate of Dubai;

"**Early Tax Dissolution Date**" has the meaning given to it in Condition 8(b);

"**EBIT**" means, in respect of any Person and any Measurement Period, the consolidated operating profit of such Person's Group before taxation (excluding the results from discontinued operations):

(a) before deducting any interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of such Person's Group (calculated on a consolidated basis) in respect of that Measurement Period;

(b) not including any accrued interest/profit owing to any member of such Person's Group;

(c) before taking into account any Exceptional Items;

(d) before taking into account any unrealised gains or losses on any financial instrument other than any derivative instrument which is accounted for on a hedge accounting basis);

(e) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of such Person's Group before taxation;

"**EBITDA**" means, in respect of any Person and any Measurement Period, such Person's EBIT for that Measurement Period after adding back any amount attributable to the amortisation, depreciation

or impairment of assets of members of the Person's Group, as determined by such Person in its management accounts and on a basis consistent with the accounting policies applied in preparing the most recent published audited or reviewed consolidated financial statements of that Person's Group (save that such management accounts are prepared on a non-consolidated basis);

"**Exceptional Items**" means any exceptional, one-off, non-recurring or extraordinary items;

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

"**Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking (as the case may be);

"**Expected Wakala Portfolio Revenues Amount**" has the meaning given to it in the Service Agency Agreement;

"**External Lease**" means a lease entered into with a third party in relation to an Externally Leased Asset;

"**Externally Leased Asset**" means a real estate related asset located in the DIFC which is leased or to be leased (other than on the basis of a finance lease) by DIFCI to a third party;

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

"**Fair Market Value**" means:

(a) with respect to any Capital Stock, asset or property (other than as provided in paragraph (b) below), the sale value that would be paid in an arm's-length transaction between an independent, informed and willing seller under no compulsion to sell and an independent, informed and willing buyer under no compulsion to buy; and

(b) with respect to a Non-Ordinary Course Lease, the net present value (determined on a basis consistent with International Standards) of the product of: (i) the annual net cash flows in respect of the relevant property based on the annual rent that would be payable in an arm's length transaction between an independent, informed and willing lessee under no compulsion to lease a property and an independent, informed and willing lessor under no compulsion to lease its property; and (ii) the tenor of the Non-Ordinary Course Lease;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;

(b) any amount raised by acceptance under any acceptance credit or bill discount facility (or dematerialised equivalent);

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis except for recourse by reference to a breach by the selling company of any standard representations relating to the relevant receivables (but not as to the creditworthiness of the debtor or the collectability of the receivables));

(f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution by way of support for borrowings under paragraphs (a) to (e) (inclusive) and (g) to (k) (inclusive) of this definition;

(g) shares which are expressed to be redeemable shares or any amount raised by the issue of such shares which are redeemable on or prior to the Scheduled Dissolution Date;

(h) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of an asset or service;

(i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and leaseback arrangement, sale and saleback arrangement or securitisation) having the commercial effect of a borrowing;

(j) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(k) obligations incurred in respect of any Islamic financing arrangement; and

(l) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) (inclusive) above,

but shall not include any indebtedness owed by one member of the relevant Person's Group to another member of such Person's Group;

"**Fitch**" means Fitch Ratings Ltd;

"**Full Reinstatement Value**" has the meaning given to it in the Service Agency Agreement;

"**IFRS**" means International Financial Reporting Standards as published by the International Accounting Standard Board;

"**Incur**" or, as appropriate, an "**Incurrence**" has the meaning given to it in Condition 6(b)(ii);

"**Indebtedness**" means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) or any *Shari'a* compliant alternative of the foregoing other than any such obligations, guarantees or indemnities owing or given by one member of the relevant Person's Group to another member of such Person's Group;

"**Independent Appraiser**" means (i) for the purposes of assets comprising interests in real estate and leases, an independent registered firm of chartered surveyors and (ii) for the purposes of any assets other than those described in (i), any independent firm of appraisers or internationally recognised investment banking firm or firm of public accountants, in the case of (i) and (ii) being of international standing, selected by DIFCI;

"**Initial Wakala Portfolio**" means the initial portfolio of identified assets in relation to the Certificates as more particularly described in the Purchase Agreement but not including any obligations or liabilities of DIFCI (other than, in respect of Self-Use Assets, DIFCI's payment obligations under the Lease Agreement) in respect of any such assets;

"**International Standards**" means the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors or any successor or equivalent standards as may be selected by the Independent Appraiser and approved by the Delegate;

"**Investment**" in any Person means any direct or indirect advance, loan or other extension of credit (including by way of guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Financial Indebtedness or other similar instruments issued by, such Person (excluding, for the avoidance of doubt: (i) any payment of the general and administrative expenses (other than any amount in respect of depreciation) incurred by RoC or RoRP, as the case may be, in any Measurement Period, as determined by reference to the most recent published audited or reviewed financial statements of RoC or RoRP, as the case may be, prepared in accordance with IFRS; and (ii) any payment of any registration or other administrative fees from time to time payable to RoC or RoRP, as the case may be, in the ordinary course of business by DIFCI or any Subsidiary of DIFCI);

"**Investment Grade Rating**" means a rating equal to or higher than: (i) Baa3 (or the equivalent) by Moody's; (ii) BBB- (or the equivalent) by Standard & Poor's; or (iii) BBB- (or the equivalent) by Fitch or in each case the equivalent thereof from any other Rating Agency (as applicable);

"**Investment Grade Status**" means that DIFCI has an Investment Grade Rating from at least one Rating Agency;

"**Lease Agreement**" means the lease agreement dated the Issue Date and entered into between DIFCI and the Trustee;

"**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, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to "**Liabilities**" shall mean all of these;

"**Material Subsidiary**" means any Subsidiary of DIFCI:

(a) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of DIFCI and its Subsidiaries relate, are equal to) not less than 10 per cent. of, respectively, total revenue or consolidated total assets of DIFCI and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of DIFCI and its Subsidiaries, provided that in the case of a Subsidiary of DIFCI acquired after the end of the financial period to which the then latest audited consolidated accounts of DIFCI and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of DIFCI and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by DIFCI;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of DIFCI which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (b) on the date on which the consolidated accounts of DIFCI and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(c) to which is transferred an undertaking or assets which, taken together with the existing undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of DIFCI and its Subsidiaries relate, generate total revenue equal to) not less than 10 per cent. of total revenue, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of DIFCI and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenue equal to) not less than 10 per cent. of total revenue, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of DIFCI and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (c) on the date on which the consolidated accounts of DIFCI and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report signed by two Authorised Signatories of DIFCI (whether or not addressed to the Delegate) that in their opinion a Subsidiary of DIFCI is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Delegate without further enquiry or evidence (without any liability to any person for so relying) and, if relied upon by the Delegate, shall, in the absence of manifest error, be conclusive and binding on all parties;

"**Measurement Period**" means each period of 12 months ending on the last date of each period in respect of which audited or reviewed consolidated financial statements of DIFCI's Group are published, save for the purposes of (i) determining the Aggregate Consolidated Net Finance Cost, Aggregate EBITDA, Consolidated Net Finance Cost, EBIT and EBITDA, and (ii) for the purposes of Condition 6(b)(ii)(C), where "**Measurement Period**" means each period of 12 months ending on the

last day of the month in respect of which management accounts have been prepared immediately preceding the date on which the relevant Financial Indebtedness is Incurred;

"**Moody's**" means Moody's Investors Service, Inc.;

"**Non-Ordinary Course Lease**" means any lease which is, or would be, accounted for as a finance lease under IFRS;

"**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: (a) any Security Interest given by DIFCI or the relevant Subsidiary, as the case may be, in connection therewith is limited solely to assets of the project; (b) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the sole source of repayment for the moneys advanced; and (c) there is no other recourse to DIFCI or the relevant Subsidiary, as the case may be, or any other Subsidiary of DIFCI, in respect of any default by any person under the financing (including, without limitation, by way of any credit support, security or other similar commitment from DIFCI or the relevant Subsidiary);

"**Officers' Certificate**" means a certificate substantially in the form scheduled to the Declaration of Trust;

"**outstanding**" has the meaning given to it in the Declaration of Trust;

"**Periodic Distribution Amount**" has the meaning given to it in Condition 7(a);

"**Periodic Distribution Date**" means 12 May and 12 November in each year, commencing on 12 May 2015, and subject to Condition 7(c);

"**Permitted Financial Indebtedness**" means any one or more of the following:

(a) any Financial Indebtedness outstanding on the Signing Date;

(b) Financial Indebtedness owed by DIFCI or any Subsidiary of DIFCI to DIFCI or any other Subsidiary of DIFCI; provided, however, that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to DIFCI or a Subsidiary of DIFCI) shall be deemed, in each case, to constitute the Incurrence of such Financial Indebtedness (which shall not be Permitted Financial Indebtedness falling within the scope of this sub-paragraph (b)) by the obligor thereof;

(c) Financial Indebtedness of a Subsidiary of DIFCI Incurred and outstanding prior to the date on which such Subsidiary became a Subsidiary of DIFCI (other than Financial Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, or otherwise in contemplation of, the transaction or series of related transactions pursuant to which the Subsidiary became a Subsidiary of DIFCI);

(d) any amounts owed to suppliers, contractors, sub-contractors and/or project consultants in respect of goods supplied and/or services provided, in each case in the ordinary course of business;

(e) any Non-recourse Project Financing of DIFCI or a Subsidiary of DIFCI;

(f) Financial Indebtedness arising in the form of deferred payment obligations of DIFCI or a Subsidiary of DIFCI in respect of the acquisition of any business, assets or Capital Stock, in each case in the ordinary course of business; and

(g) Refinancing Financial Indebtedness Incurred by DIFCI or a Subsidiary of DIFCI in respect of Financial Indebtedness Incurred by DIFCI or a Subsidiary of DIFCI (i) at any time when DIFCI had Investment Grade Status; or (ii) pursuant to paragraph (a), (b), (c), (d), (e) or (f) above;

"**Permitted Investment**" means any one or more of the following:

(a) demand or time deposits, certificates of deposit (including for the avoidance of doubt any monies on deposit in any bank account) and other short-term unsecured debt obligations (including for the avoidance of doubt, money market funds rated at least Aaa/MR1+ by any Rating Agency) provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the then current rating of the unsecured and unguaranteed debt obligations of that institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is P-l/A-1 and A-l+ or (if different) the then highest rating conferred in respect of such obligations by any Rating Agency; or

(b) short-term unsecured debt obligations (including commercial paper) issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is P-1/A-l and A-l + or (if different) the then highest rating conferred in respect of such obligations by any Rating Agency;

"**Permitted Reorganisation**" means:

(a) (i) any winding-up or dissolution of a Material Subsidiary whereby the undertaking and assets of that Material Subsidiary are transferred to or otherwise vested in DIFCI and/or any of DIFCI's other Subsidiaries; or (ii) any winding up or dissolution of DIFCI whereby the undertaking and assets of DIFCI are transferred to or otherwise vested in one of its Subsidiaries, provided that, in the case of (ii) only, at the same time or prior to any such transfer or vesting, all amounts payable by DIFCI under each Transaction Document to which it is a party have been assumed by such other Subsidiary on terms previously approved by an Extraordinary Resolution; or

(b) any composition or other similar arrangement on terms previously approved by an Extraordinary Resolution;

"**Permitted Security Interest**" means:

(a) any Security Interest existing on the Signing Date;

(b) any Security Interest granted by a Person where such Security Interest exists at the time that such person is merged into, or consolidated with, DIFCI or the relevant Material Subsidiary (as the case may be), 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 DIFCI or the relevant Material Subsidiary (as the case may be);

(c) any Security Interest existing on any property or assets prior to the acquisition thereof by DIFCI or the relevant Material Subsidiary (as the case may be), provided that such Security Interest was 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 (c) (inclusive) of this definition, provided that with respect to any such Security Interest the aggregate principal amount of the Indebtedness secured thereby 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;

"**Person's Group**" means, in respect of a Person, such Person and its Subsidiaries (if any), and "**DIFCI's Group**", "**RoC's Group**" and "**RoRP's Group**" shall be interpreted accordingly;

"**Potential Dissolution Event**" means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing) would constitute a Dissolution Event;

"**Proceedings**" has the meaning given to it in Condition 19(b);

"**Profit Rate**" means 4.325 per cent. per annum;

"**Purchase Agreement**" means the purchase agreement dated the Issue Date and entered into between DIFCI and the Trustee;

"**Purchase Undertaking**" means the purchase undertaking dated the Issue Date and granted by DIFCI for the benefit of the Trustee and the Delegate;

"**Rating Agency**" means each of Fitch, Moody's and Standard & Poor's or any of their successors or any other statistical rating organisation approved in writing by the Delegate;

"**Record Date**" has the meaning given to it in Condition 9(a);

"**Refinancing**" means, in respect of any Financial Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Financial Indebtedness in exchange or replacement for, such Financial Indebtedness, and "**Refinances**" and similar terms are to be construed accordingly;

"**Refinancing Financial Indebtedness**" means Financial Indebtedness that Refinances any Financial Indebtedness of DIFCI or any Subsidiary of DIFCI, including Financial Indebtedness that Refinances Refinancing Financial Indebtedness; provided, however, that:

(a) such Refinancing Financial Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being Refinanced;

(b) such Refinancing Financial Indebtedness has an Average Life at the time such Refinancing Financial Indebtedness is Incurred that is equal to or greater than the Average Life of the Financial Indebtedness being Refinanced;

(c) such Refinancing Financial Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium) under the Financial Indebtedness being Refinanced; and

(d) if the Financial Indebtedness being Refinanced is subordinated in right of payment to DIFCI's payment obligations under the Transaction Documents, such Refinancing Financial Indebtedness is subordinated in right of payment to DIFCI's payment obligations under the Transaction Documents at least to the same extent as the Financial Indebtedness being Refinanced;

"**Register**" has the meaning given to it in Condition 2;

"**Registered Office Agreement**" means the registered office agreement entered into between the Trustee and the Corporate Administrator on or before the Issue Date;

"**Regulated Market**" means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC);

"**Relevant Date**" has the meaning given to it in Condition 10;

"**Relevant Funds**" means, in respect of RoC or RoRP and any Relevant Period, an amount equal to:

(a) the total revenues of RoC or RoRP, as the case may be, during such Relevant Period; less

(b) an amount equal to the lesser of: (i) U.S.$500,000; and (ii) the aggregate of all capital expenditure incurred by RoC or RoRP, respectively, during such Relevant Period,

in each case as determined on a basis consistent with the accounting policies applied in preparing the most recent published audited or reviewed financial statements of RoC or RoRP, as the case may be;

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or which is represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Relevant Period**" means each period of three months ending on 31 March, 30 June, 30 September and 31 December in each year;

"**Relevant Powers**" has the meaning given to it in Condition 15(a);

"**Relevant Sukuk Obligation**" means any present or future undertaking or other obligation to pay any money given in connection with any issue of trust 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;

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

"**RoC**" means the Registrar of Companies of the DIFC;

"**RoRP**" means the Registrar of Real Property of the DIFC;

"**RoC/RoRP Permitted Financial Indebtedness**" means any one or more of the following:

(a) any Financial Indebtedness outstanding on the Signing Date;

(b) any amounts owed to suppliers, contractors, sub-contractors and/or project consultants in respect of goods supplied and/or services provided, in each case in the ordinary course of business;

(c) Financial Indebtedness arising in the form of deferred payment obligations of RoC or RoRP (as the case may be) in respect of the acquisition of any business, assets or Capital Stock, in each case in the ordinary course of business;

(d) any amounts required to be paid by RoC or RoRP (as the case may be) by any DIFC court in respect of any claims made against it in the ordinary course of its business and in connection with its ordinary activities; and

(e) Refinancing Financial Indebtedness Incurred by RoC or RoRP (as the case may be) in respect of Financial Indebtedness Incurred by RoC or RoRP (as the case may be pursuant to paragraph (a), (b), (c) or (d);

"**RoC/RoRP Refinancing Financial Indebtedness**" means Financial Indebtedness that Refinances any Financial Indebtedness of RoC or RoRP, including Financial Indebtedness that Refinances Refinancing Financial Indebtedness; provided, however, that:

(a) such Refinancing Financial Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being Refinanced;

(b) such Refinancing Financial Indebtedness has an Average Life at the time such Refinancing Financial Indebtedness is Incurred that is equal to or greater than the Average Life of the Financial Indebtedness being Refinanced;

(c) such Refinancing Financial Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium) under the Financial Indebtedness being Refinanced; and

(d) if the Financial Indebtedness being Refinanced is subordinated in right of payment to DIFCI's payment obligations under the Transaction Documents, such Refinancing Financial Indebtedness is subordinated in right of payment to DIFCI's payment obligations under the Transaction Documents at least to the same extent as the Financial Indebtedness being Refinanced;

"**Sale Undertaking**" means the sale undertaking dated the Issue Date and granted by the Trustee for the benefit of DIFCI;

"**Scheduled Dissolution Date**" means 12 November 2024;

"**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;

"**Self-Use Asset**" means a plot of land or other real estate related asset located in the DIFC and which is either: (i) to be developed in accordance with a development plan; or (ii) already developed but not the subject of an External Lease;

"**Service Agency Agreement**" means the service agency agreement dated the Issue Date and entered into between the Servicing Agent and the Trustee;

"**Servicing Agent**" means DIFCI in its capacity as servicing agent under the Service Agency Agreement;

"**Signing Date**" means 10 November 2014;

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc.;

"**Stated Maturity**" means, with respect to any Financial Indebtedness, the date specified in the relevant documentation as the fixed date on which the final payment of principal in respect thereof is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such Financial Indebtedness at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred);

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**") whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, or the power to appoint or remove members of the governing body of the second Person;

"**Total Assets**" means the aggregate value (less depreciation and amortisation computed in accordance with international accounting standards) of all assets of DIFCI's Group which are treated as assets determined in accordance with IFRS, as shown in the most recent published audited or reviewed

consolidated financial statements of DIFCI's Group prepared in accordance with IFRS or, if no such value is specified in those financial statements, the Fair Market Value of such assets;

"**Total Investment Properties**" means the aggregate consolidated investment properties of DIFCI and its Subsidiaries as set out in the most recent published audited or reviewed consolidated financial statements of DIFCI's Group prepared in accordance with IFRS;

"**Total Loss Event**" means (i) the total destruction of, or damage to the whole of, the Wakala Assets or any event or occurrence which renders the whole of the Wakala Assets permanently unfit for any economic use and (but only after taking into consideration any insurances payable or other indemnity granted by any third party in respect of the Wakala Assets) the repair or remedial work in respect thereof is wholly uneconomical; or (ii) any expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets;

"**Total Loss Event Dissolution Date**" has the meaning given to it in Condition 8(e);

"**Total Loss Shortfall Amount**" has the meaning given to it in the Service Agency Agreement;

"**Transaction Account**" means the account in the Trustee's name held with the Principal Paying Agent, into which DIFCI will deposit all amounts due to the Trustee under the Transaction Documents;

"**Transaction Documents**" means:

(a) the Declaration of Trust;

(b) the Agency Agreement;

(c) the Purchase Agreement;

(d) the Service Agency Agreement;

(e) the Purchase Undertaking;

(f) the Sale Undertaking; and

(g) the Lease Agreement;

"**Trust Assets**" has the meaning given to it in Condition 5(a);

"**Trustee Event**" means any of the following events (but, in the case of the happening of any of the events described in paragraph (b) below, only if the Delegate shall have certified in writing to the Trustee and DIFCI that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders):

(a) **Non-Payment:** default is made for more than seven days in the payment of the Dissolution Distribution Amount (or any other amount in the nature of principal) following the date fixed for payment thereof or default is made for more than 14 days in the payment of any Periodic Distribution Amount following the due date for payment thereof; or

(b) **Breach of Other Obligations:** the Trustee does not perform or comply with any one or more of its other duties, obligations or undertakings in the Certificates or the Transaction Documents to which it is a party, which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given by the Delegate to the Trustee requiring the same to be remedied; or

(c) **Enforcement Proceedings:** any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 90 days; or

(d) **Insolvency:** the Trustee is insolvent or bankrupt or unable to pay its debts as they fall due, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or

(e) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of

its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution; or

(f) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (x) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Certificates and the Transaction Documents to which it is party; (y) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (z) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of England and the DIFC is not taken, fulfilled or done; or

(g) **Illegality:** it is or will become unlawful for the Trustee to perform or comply with any one or more of its duties, obligations and undertakings under any of the Certificates or the Transaction Documents or any duties, obligations or undertakings of the Trustee under the Certificates or the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or

(h) **Repudiation:** the Trustee repudiates any Certificate or any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Certificate or any Transaction Document; or

(i) **Analogous Events:** any event occurs that under the laws of the DIFC or the United Arab Emirates has an analogous effect to any of the events referred to in paragraph (d) or (e) above.

For the purpose of paragraph (a) above, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts expressed to be payable under Condition 7) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts (whether as a result of the application of Condition 5(b) or otherwise);

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

"**Wakala Portfolio**" has the meaning given to it in the Service Agency Agreement; and

"**Wakala Portfolio Revenues**" has the meaning given to it in the Service Agency Agreement.

All references to the "**face amount**" of a Certificate shall be deemed to include the Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.

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 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to "**U.S.$**", "**U.S. dollars**" and "**$**" are to the lawful currency of the United States of America.

2 Form, Denomination and Title

The Certificates are issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Certificates are represented by registered certificates and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Certificates by the same holder.

Title to the Certificates shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the "**Register**"). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Certificate shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder. The registered 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.

In these Conditions, "**Certificateholder**" or "**holder**" means the person in whose name a Certificate is registered.

3 Transfers

(a) **Transfer of Registered Certificates:** Subject to Condition 3(d), one or more Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers 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, provided that any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.

(b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 3(a) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfers Free of Charge:** Transfers of Certificates on registration or transfer shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods:** No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on the due date for payment of the 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 that Certificate falls due, (ii) after any such Certificate has been called for redemption pursuant to Condition 8(b) or the last paragraph of Condition 8(c) or (iii) during the period of seven days ending on (and including) any Record Date.

4 Status

(a) **Status of Certificates:** The Certificates represent an undivided ownership interest in the Trust Assets and are limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates. The payment obligations of DIFCI (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b)(i), at all times rank at least equally with all other unsecured and unsubordinated obligations of DIFCI, present and future.

(b) **Limited Recourse and Agreement of Certificateholders:** Save as provided in this Condition 4(b), the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, DIFCI, any of the Agents or any of their respective affiliates.

The proceeds of the Trust Assets are the sole source of payments on the Certificates. The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(i) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any of their respective directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

(ii) the Trustee may only realise or deal with its interest, rights, benefit and entitlements, present and future in, to and under the Wakala Portfolio in the manner expressly permitted by the Transaction Documents;

(iii) 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 (and/or its directors, officers, shareholders or corporate services provider in each of their respective capacities as such) (other than the Trust Assets) or of the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise;

(iv) 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;

(v) 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 Declaration of Trust by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director or corporate services provider of the Trustee and/or the Delegate in each of their respective capacities as such. The obligations of the Trustee and the Delegate under the Certificates and the Transaction Documents are corporate or limited liability obligations of the Trustee and/or the Delegate, as the case may be, and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Trustee and/or the Delegate (in each of their respective capacities as such), save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

(vi) 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 Certificate. 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(b)(i)).

Pursuant to the terms of the Transaction Documents, DIFCI 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 DIFCI to recover payments due to the Trustee from DIFCI pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6(b)(i)) constitute an unsecured claim against DIFCI. None of the Certificateholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of DIFCI in connection with the enforcement of any such claim.

5 The Trust

(a) **Trust Assets:** Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder. The term "**Trust Assets**" means:

(i) all of the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Portfolio;

(ii) all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by DIFCI to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 18.1 of the Declaration of Trust); and

(iii) all moneys standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing.

(b) **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 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):

(i) **first**, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer and any agent appointed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;

(ii) **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 amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Corporate Administrator in respect of all amounts owing to it under the Transaction Documents, the Corporate Services Agreement and the Registered Office Agreement in its capacity as corporate administrator for the Trustee; and (iii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, 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;

(iii) **third**, only if such payment is due on a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(iv) **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 Dissolution Distribution Amount; and

(v) **fifth**, only on the Scheduled Dissolution Date 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 DIFCI in its capacity as Servicing Agent as an incentive fee for its performance under the Service Agency Agreement.

6 Covenants

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

(i) incur any indebtedness in respect of borrowed money or in respect of financing raised in accordance with the principles of *Shari'a*, 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 provided in the Transaction Documents;

(ii) 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);

(iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;

(iv) except as provided in Condition 14, amend or agree to any amendment of any Certificate, any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(v) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(vi) have any subsidiaries or employees;

(vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(ix) 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

(x) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and 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:

    (A) as contemplated, provided for or permitted in the Certificates and the Transaction Documents;

    (B) the ownership, management and disposal of the Trust Assets as provided in the Certificates and the Transaction Documents; and

    (C) such other matters which are incidental thereto.

The Trustee further covenants that, for so long as any Certificate is outstanding:

(i) it will furnish to the Delegate an Officers' Certificate (upon which the Delegate may rely without further enquiry or liability) (i) no later than 120 days after the end of each financial year (commencing with the financial year ended 31 December 2014); (ii) if DIFCI publishes interim reviewed consolidated financial statements and notice thereof is provided to the Trustee, no later than 60 days after the end of the period in respect of which such interim reviewed consolidated financial statements are published; and (iii) otherwise promptly upon request by the Delegate (and in any event within 10 Business Days of such request): (i) certifying compliance with the provisions of this Condition 6(a); and (ii) stating whether, having made all reasonable enquiries, to the best of its knowledge, information and belief, since the date of the last Officers' Certificate or (if none) the Issue Date, any Dissolution Event, Potential Dissolution Event, Change of Control or Total Loss Event has occurred and, if any such event shall have occurred, providing details in respect thereof and stating what action the Trustee is taking or proposes to take with respect thereto; and

(ii) it will use all reasonable endeavours to maintain the listing and/or quotation of the Certificates on NASDAQ Dubai or, (a) if it is unable to do so having used all reasonable endeavours; or (b) if the maintenance of either such listing or trading is impracticable or unduly onerous; and (c) the Delegate is of the opinion that to do so would not be materially prejudicial to the interests of the Certificateholders, it will obtain and maintain a quotation or listing of the Certificates on a Regulated Market.

(b) **DIFCI Covenants:** DIFCI covenants that, for so long as any Certificate is outstanding:

(i) **Negative pledge**: it will not, and will ensure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its or their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without (i) 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 (ii) providing such security for those obligations as either: (A) the Delegate shall in its absolute discretion deem not materially less beneficial to the interests of Certificateholders; or (B) shall be approved by an Extraordinary Resolution;

(ii) **Limitation on indebtedness:** it will not, and will not permit any of its Subsidiaries to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to "**Incur**" or, as appropriate, an "**Incurrence**") any Financial Indebtedness (other than Permitted Financial Indebtedness); provided that DIFCI and its Subsidiaries will be permitted to Incur additional Financial Indebtedness if:

(A) no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a consequence of such Incurrence; and

(B) the ratio of Consolidated Total Gross Indebtedness to Total Assets in respect of the immediately preceding Measurement Period is less than 0.6:1; and

(C) the ratio of Aggregate EBITDA to Aggregate Consolidated Net Finance Cost in respect of the immediately preceding Measurement Period is greater than 1.5:1.

The provisions of this Condition 6(b)(ii) shall not apply for so long as DIFCI has Investment Grade Status. However, the provisions of this Condition 6(b)(ii) shall immediately apply if and for so long as DIFCI ceases to have Investment Grade Status. Calculations under the reinstated Condition 6(b)(ii) will be made as if Condition 6(b)(ii) had been in effect since the Issue Date except that no DIFCI Event will be deemed to have occurred solely by reason of the Incurrence of Financial Indebtedness made while the provisions of Condition 6(b)(ii) were suspended.

(iii) **Disposals:** it will not, and will ensure that none of its Subsidiaries will, directly or indirectly enter into any Asset Sale in respect of one or more investment properties with an aggregate book value (as determined by reference to the most recent published audited or reviewed consolidated financial statements of DIFCI's Group or the most recent consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS, or such other international financial reporting standards as may be adopted from time to time by DIFCI) that exceeds 5 per cent. of the then Total Investment Properties at the time of any such proposed Asset Sale in each instance, unless the consideration received by DIFCI or its Subsidiary (as the case may be) is at least equal to the Fair Market Value of the investment property or investment properties (as the case may be) sold or disposed of, as determined by an Independent Appraiser;

(iv) **Financial information:** it will:

(A) in respect of each financial year, deliver to the Delegate and the Trustee the audited annual consolidated financial statements of DIFCI's Group, the audited annual consolidated financial statements of RoC's Group and the audited annual consolidated financial statements of RoRP's Group, in each case prepared in accordance with IFRS and to be delivered by no later than 120 days after the end of the financial year;

(B) in respect of any period for which interim reviewed consolidated financial statements are published by DIFCI, RoC and/or RoRP, deliver to the Delegate such interim reviewed consolidated financial statements of DIFCI's Group, RoC's Group and/or RoRP's Group as the case may be, in each case prepared in accordance with IFRS and to be delivered by no later than 60 days after the end of the relevant interim period;

(C) ensure that each set of audited annual consolidated financial statements of DIFCI's Group prepared in accordance with IFRS includes a valuation of the consolidated investment properties of DIFCI and its Subsidiaries in accordance with IFRS; and

(D) arrange for all such financial statements to be published in accordance with the Markets Rules of the Dubai Financial Services Authority;

(v) **Restricted Payments:** it will not, and will ensure that none of its Subsidiaries will, directly or indirectly:

(A) declare or pay any dividend, in cash or otherwise, or make any other payment or distribution (whether by way of redemption, acquisition or otherwise) in respect of its Capital Stock (other than: (x) dividends, payments or distributions payable to DIFCI or any of its Subsidiaries; and (y) dividends or distributions payable solely in in the form of shares of DIFCI); or

(B) voluntarily purchase, redeem or otherwise acquire or retire for value any Capital Stock of DIFCI or any of its Affiliates; or

(C) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Financial Indebtedness of DIFCI that is contractually subordinated to the obligations of DIFCI under the Transaction Documents (excluding any intercompany Financial Indebtedness between or among DIFCI and any of its Subsidiaries), except a payment of interest or principal (or equivalent amounts) at the Stated Maturity thereof; or

(D) make any Investment (other than a Permitted Investment) in any Person,

(all such payments and other actions set out in (A) to (D) (inclusive) above being together referred to herein as "**Restricted Payments**"),

unless at the time of and after giving effect to such Restricted Payment:

(a) no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(b) such Restricted Payment when aggregated with all other Restricted Payments declared or made since the Signing Date is less than 50 per cent. of the Consolidated Net Income of DIFCI for the period (taken as one accounting period) from the beginning of the annual period during which the Signing Date occurs to the end of the most recently ended period for which published audited or reviewed consolidated financial statements of DIFCI's Group are available (for the purposes of calculating 50 per cent. of the Consolidated Net Income for such period, 50 per cent. of the Consolidated Net Income for each relevant period will be aggregated, provided that where the Consolidated Net Income for any relevant annual period is a deficit, 100 per cent. of such deficit shall be subtracted from the total).

The provisions of this Condition 6(b)(v) shall not apply for so long as DIFCI has Investment Grade Status. However, the provisions of this Condition 6(b)(v) shall immediately apply if and for so long as DIFCI ceases to have Investment Grade Status. Calculations under the reinstated Condition 6(b)(v) will be made as if Condition 6(b)(v) had been in effect since the Issue Date except that no DIFCI Event will be deemed to have occurred solely by reason of the Restricted Payment made while the provisions of Condition 6(b)(v) were suspended.

(vi) **RoC and RoRP:**

(A) it will procure that each of RoC and RoRP will, within 15 Dubai Business Days after the end of each Relevant Period, pay an amount equal to the Relevant Funds of each respective entity for such Relevant Period to DIFCI; and

(B) it will procure that neither RoC nor RoRP shall incur any Financial Indebtedness, other than any RoC/RoRP Permitted Financial Indebtedness;

(vii) **Release of Security:** it will use all reasonable endeavours to procure the release, as soon as reasonably practicable after the Issue Date, of any and all Security Interests to which any Wakala Asset is subject; and

(viii) **Officers' Certificate:** it will furnish to the Delegate an Officers' Certificate (upon which the Delegate may rely without further enquiry or liability) together with each copy of its financial statements referred to in Condition 6(b)(iv) and otherwise promptly upon request by the Delegate (and in any event within 10 Business Days of such request): (i) certifying compliance with the provisions of this Condition 6(b); and (ii) stating whether since the date of the last Officers' Certificate or (if none) the Issue Date, having made all reasonable enquiries, to the best of the knowledge, information and belief of DIFCI any Dissolution Event, Potential Dissolution Event, Change of Control or Total Loss Event has occurred and, if any such event shall have occurred, providing details in respect thereof and stating what action the Trustee is taking or proposes to take with respect thereto.

7 Periodic Distribution Amounts

(a) **Periodic Distribution Amounts:** A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date, shall accrue at the Profit Rate and the amount of which shall be calculated as provided in Condition 7(b) (each such distribution being 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(b) and Condition 9.

(b) **Calculations:** The amount of profit payable per Calculation Amount in respect of any Certificate for any period shall be equal to the product of the Profit Rate, the Calculation Amount, and the Day Count Fraction for such period, with the result being rounded to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards. For these purposes, "**Day Count Fraction**" means, in respect of the calculation of an amount of profit on any Certificate for any period (whether or not constituting a Return Accumulation Period, the "**Calculation Period**"), the number of days in the Calculation Period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed).

(c) **Entitlement to Profit:** No further amounts will be payable on any Certificate from and including: (i) its due date for redemption unless default is made in payment of the Dissolution Distribution Amount, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 7, provided that no sale agreement has been executed in accordance with the terms of the Purchase Undertaking or Sale Undertaking (as the case may be); or (ii) the 31st day following the date on which a Total Loss Event occurs.

8 Redemption and Dissolution of the Trust

(a) **Dissolution on the Scheduled Dissolution Date:** Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed on the Scheduled Dissolution Date at its Dissolution Distribution Amount, and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date following the payment of all such amounts in full. Upon such dissolution as aforesaid and the termination of the Trust, 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.

(b) **Early Dissolution for Taxation Reasons:** The Certificates may be redeemed at the option of the Trustee in whole, but not in part, at any time (such date being an "**Early Tax Dissolution Date**"), on giving not less than 30 nor more than 60 days' 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:

(i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of the DIFC, the Emirate of Dubai or the United Arab Emirates or any political subdivision or, in each case, 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 Signing Date, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) (A) DIFCI has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of the Service Agency Agreement as a result of any change in, or amendment to, the laws or regulations of the DIFC, the Emirate of Dubai or the United Arab Emirates or any political subdivision or, in each case, 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 Signing Date, and (B) such obligation cannot be avoided by DIFCI taking reasonable measures available to it,

provided that, in either case, (x) no such notice of dissolution shall be given to Certificateholders unless a duly completed Exercise Notice has been received by the Trustee from DIFCI pursuant to the Sale Undertaking; and (y) no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or DIFCI, 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 DIFCI) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8(b), the Trustee shall deliver to the Delegate:

(A) a certificate signed by two directors or Authorised Signatories of the Trustee (in the case of Condition 8(b)(i)) or a certificate signed by two directors of DIFCI (in the case of Condition 8(b)(ii)), in each case stating that the obligation referred to in Condition 8(b)(i) or 8(b)(ii), as the case may be, cannot be avoided by the Trustee or DIFCI taking reasonable measures available to it; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or DIFCI, 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 and rely on such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8(b)(i) or, as the case may be, Condition 8(b)(ii), in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8(b) and payment of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust. Upon such dissolution as aforesaid and the termination of the Trust, 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.

(c) **Dissolution at the Option of the Certificateholders (Change of Control Put Right):** DIFCI has agreed in the Purchase Undertaking to notify the Trustee and the Delegate forthwith upon the occurrence of a Change of Control and to provide a description of the Change of Control. The Trustee, upon receipt of such notice from DIFCI or otherwise upon having actual knowledge or express notice of the occurrence of a Change of Control, shall promptly give notice (a "**Change of Control Notice**") of the occurrence of a Change of Control to the Certificateholders in accordance with these Conditions. The Change of Control Notice shall provide a description of the Change of Control and shall require Certificateholders to elect within 30 days of the date on which the Change of Control Notice is given (the "**Change of Control Put Period**") if they wish all or any of their Certificates to be redeemed.

If a Change of Control occurs, and provided that Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 8(c), the Trustee shall redeem such Certificates on the Change of Control Put Right Date at the Dissolution Distribution Amount and shall require DIFCI to purchase and accept the transfer of all of the Trustee's interest, rights, benefits and entitlements, present and future, in and to certain specified Wakala Assets pursuant to the Purchase Undertaking.

To elect to redeem all or any of its Certificates in accordance with this Condition 8(c), a Certificateholder must deposit its Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed change of control put right exercise notice (a "**Change of Control Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). No Certificate so deposited and right exercised

may be withdrawn (except if the condition referred to in the previous paragraph is not satisfied and as otherwise provided in the Agency Agreement) without the prior written consent of the Trustee.

The foregoing provisions of this Condition 8(c) shall apply on each occasion (if any) on which a Change of Control occurs.

If 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to this Condition 8(c) (and/or otherwise previously purchased and cancelled pursuant to Condition 8(g)), DIFCI may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, upon receipt of such notice, the Trustee shall, on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders, redeem all of the Certificates on the date specified in such notice, which shall be a date falling no later than 80 days after the Change of Control Put Right Date (the "**Clean Up Call Right Dissolution Date**"). Any such redemption of Certificates shall be at their Dissolution Distribution Amount and upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

(d) **Dissolution following a Dissolution Event:** Upon the occurrence and continuation of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trustee shall dissolve the Trust, in each case as more particularly specified in Condition 12.

(e) **Dissolution following a Total Loss Event:** DIFCI has agreed in the Service Agency Agreement to ensure that the Wakala Assets are insured against a Total Loss Event. The Trustee, upon having actual knowledge or express notice of the occurrence of a Total Loss Event, shall on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders (or such other notice period as may be specified hereon) (a "**Total Loss Event Notice**") redeem all of the Certificates on the date specified for such redemption in such Total Loss Event Notice (a "**Total Loss Event Dissolution Date**"). Any such redemption of Certificates shall be at their Dissolution Distribution Amount using either (i) the proceeds of insurance payable in respect of the Total Loss Event which are required to be paid into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event, or (ii) if the insurance proceeds (if any) standing to the credit of the Transaction Account on the 30th day following the occurrence of a Total Loss Event are less than the Full Reinstatement Value, the amount standing to the credit of the Transaction Account on the 31st day following the occurrence of a Total Loss Event, representing the aggregate of the insurance proceeds paid in respect of any Total Loss Event (if any) and any Total Loss Shortfall Amount funded by the Servicing Agent in accordance with the terms of the Service Agency Agreement. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

(f) **Purchases:** Each of the Trustee, DIFCI and DIFCI's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price.

(g) **Cancellation:** Certificates purchased by or on behalf of the Trustee, DIFCI or any of DIFCI's Subsidiaries may in the Trustee's and DIFCI's sole discretion be surrendered for cancellation in accordance with the terms of the Declaration of Trust, the Sale Undertaking and the Agency Agreement. 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.

(h) **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.

9 Payments

(a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of Periodic Distribution Amounts or the Dissolution Distribution Amount in respect of each Certificate shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**").

Payments of Periodic Distribution Amounts or the Dissolution Distribution Amount in respect of each Certificate shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank that processes payments in U.S. dollars notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

(b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 10. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of the Dissolution Distribution Amount, where the relevant Certificate has not been surrendered at the specified office of the Registrar or any Transfer Agent, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent initially appointed by the Trustee and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that such additional or other Paying Agents or Transfer Agents are financial institutions of international repute experienced in providing such agency services, and provided further that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a major European city, (v) such other agents as may be required by any stock exchange on which the Certificates may be listed and (vi) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive.

Notice of any such change or any change of any specified office shall promptly be given to the Certificateholders.

(e) **Non-Business Days:** If any date for payment in respect of any Certificate is not a business day, the holder shall not be entitled to payment until the next following business day nor to any profit or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and, where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, on which foreign exchange transactions may be carried on in U.S. dollars in New York.

10 Taxation

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the DIFC, the Emirate of Dubai or the United Arab Emirates or any authority 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 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:

(a) **Other Connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of his having some connection with the DIFC, the Emirate of Dubai or the United Arab Emirates, other than the mere holding of the relevant Certificate; or

(b) **Surrender more than 30 days after the Relevant Date:** if the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a business day (as defined in Condition 9(e)); or

(c) **EU Savings Directive:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) **Payment through another Paying and Transfer Agent in a Member State of the European Union:** if the relevant Certificate is held by a Certificateholder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Certificate means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders that, upon further presentation of the Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to Periodic Distribution Amounts and the Dissolution Distribution Amount shall be deemed to include any additional amounts that may be payable under this Condition 10 or any undertaking given in addition to or in substitution for it under the Declaration of Trust.

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

(a) **Dissolution Event:** Upon the occurrence of a Dissolution Event:

(i) the Delegate, upon receiving notice thereof under the Declaration of Trust or otherwise upon becoming aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 17 with a request to the Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and

(ii) 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 Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, give notice (a "**Dissolution Notice**") to the Trustee, DIFCI and the Certificateholders in accordance with Condition 17 that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this paragraph (ii) whether or not notice has been given to Certificateholders as provided in paragraph (i) above.

Upon receipt of such Dissolution Notice, the Trustee (failing which the Delegate) shall deliver an Exercise Notice under the Purchase Undertaking and shall use the proceeds of such exercise 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 constituted by the Declaration of 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 constituted by the Declaration of 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.

(b) **Enforcement and Exercise of Rights:** If following a Dissolution Event any amount payable in respect of the Certificates has not been paid in full (notwithstanding the provisions of Condition 12(a)), the Trustee or the Delegate, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall (acting for the benefit of the Certificateholders) take one or more of the following steps:

(i) enforce the provisions of the Purchase Undertaking against DIFCI; and/or

(ii) take such other steps or actions or institute such proceedings as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

13 Realisation of Trust Assets

(a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action or steps or proceedings against the Trustee and/or DIFCI under any Certificate or any Transaction Document to which either of the Trustee and/or DIFCI 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 Certificates; or (iii) (in the case of the Trustee only) by the Delegate, and in any such case then only if it shall be indemnified and/ or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

(b) No Certificateholder shall be entitled to proceed directly against the Trustee or DIFCI 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 DIFCI shall be to enforce their respective obligations under the Certificates and the Transaction Documents to which they are a party.

(c) The foregoing paragraphs in this Condition 13 are subject to this paragraph (c). After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5(b), 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 unpaid sums 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 or the Delegate.

14 Meetings of Certificateholders, Modification, Waiver and Substitution

(a) **Meetings of Certificateholders:** The Declaration of Trust 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 Declaration of Trust or other Transaction Documents. Such a meeting may be convened by Certificateholders holding not less than 10 per cent. in face amount of the Certificates 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 a clear majority in 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 face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the Scheduled Dissolution Date or any date on which Certificates are to be redeemed or any date for payment of Periodic Distribution Amounts in respect of the Certificates, (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates, (iii) to amend the covenant given by the Trustee and the Delegate in Clause 15.1 of the Declaration of Trust, (iv) to change any of DIFCI's covenants set out in the Transaction Documents to which it is a party, (v) to vary the currency of payment or denomination of the Certificates, (vi) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass the Extraordinary Resolution, or (vii) to amend the above list, 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 face amount of the Certificates for the time

being outstanding. Any Extraordinary Resolution duly passed shall be binding on Certificateholders (whether or not they were present at the meeting at which such resolution was passed).

The Declaration of Trust provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (a "**Written Resolution**") or (ii) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Trustee, DIFCI or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (an "**Electronic Consent**") 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 Written Resolution may be contained in one document or several documents in like form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.

(b) **Modification of the Declaration of Trust, any Certificate or any Transaction Document:** The Delegate may, without the consent of the Certificateholders, (i) agree to any modification of any of the provisions of the Declaration of Trust, any Certificate, the Transaction Documents or the Trustee's articles of association that is, in the opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust, any Certificate or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such provided that such modification, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders 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 Certificates. Any such modification, authorisation or waiver shall be binding on the Certificateholders and, if the Delegate so requires, such modification, authorisation or waiver shall be notified to the Certificateholders in accordance with Condition 17 as soon as practicable.

(c) **Entitlement of the Delegate:** In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition) the Delegate shall have regard to the 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, DIFCI or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

15 Delegate

(a) **Delegation of Powers:** The Trustee will in the Declaration of Trust 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), 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 Declaration of Trust) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust, provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation (together the "**Delegation**" of the "**Relevant Powers**"), provided further that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold

any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). 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 Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

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.

(b) **Indemnification:** The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust, the Delegate shall in no circumstances be bound to take any action, step or proceeding unless directed to do so in accordance with Condition 12 or Condition 13, and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(c) **No Liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of DIFCI 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 DIFCI but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

(d) **Reliance on Certificates and/or Reports:** The Delegate may act and/or rely on any certificate, opinion, advice, confirmation or report of the auditors, insolvency officials, Independent Appraiser, financial advisers or other expert (as applicable) of or appointed by the Trustee, DIFCI 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 Declaration of Trust or the other Transaction Documents and such certificate, opinion, advice, confirmation or report may be acted and/or relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate, opinion, advice, confirmation or report and/or any engagement letter or other document entered into by the Delegate or any other person in connection therewith contains a monetary or other limit on the liability of the auditors, insolvency officials, Independent Appraiser, financial advisers or other expert (as applicable) of or appointed of the Trustee, DIFCI or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate, opinion, advice, confirmation or report may be limited by an engagement or similar letter or by the terms of the certificate, opinion, advice, confirmation 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.

(e) **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 Declaration of Trust 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 Declaration of Trust 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 actual fraud of which either of them may be guilty in relation to their duties under the Declaration of Trust.

(f) **Notice of Events:** The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event, Potential Dissolution Event, Change of Control or Total Loss Event has occurred or exists and, unless and until it has actual knowledge or express notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

16 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Certificateholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificates) and otherwise as the Trustee may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17 Notices

Notices to the holders of Certificates shall be mailed to them by first class mail (airmail if overseas) at their respective addresses in the Register. In addition, the Trustee shall ensure that notices to the holders of Certificates are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Certificates are for the time being admitted to listing, trading and/or quotation. Any notices shall be deemed to have been given on the fourth day after being so mailed or on the date of publication, or if so published more than once on different dates, on the date of the first publication.

18 Contracts (Rights of Third Parties) Act 1999

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

19 Governing Law and Jurisdiction

(a) **Governing Law:** The Declaration of Trust (including these Conditions), the Agency Agreement and 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.

(b) **Jurisdiction:** The Delegate, the Trustee and DIFCI have in the Declaration of Trust agreed that the courts of England or the courts of the DIFC, at the option of the Delegate, are to have jurisdiction to settle any dispute, claim, difference or controversy arising out of or in connection with the Certificates (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") and accordingly any legal action or proceedings arising out of or in connection with the Certificates ("**Proceedings**") may be brought in such courts. Each of the Trustee and DIFCI irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 19(b) is for the benefit of the Delegate for and on behalf of the Certificateholders only. As a result, the Delegate shall not be prevented from taking Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Appointment of Process Agent:** Each of the Trustee and DIFCI irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent to receive for it and on its behalf service of process in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee and/or DIFCI). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Trustee and DIFCI irrevocably agrees to appoint a substitute process agent, and shall immediately notify the Delegate of such appointment. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

(d) **Enforcement:** A judgment or order of an English, DIFC or other court, in connection with a Dispute arising out of or in connection with these Conditions, shall be binding on the Delegate, the Trustee and DIFCI and may be enforced against each of them in the courts of any competent jurisdiction.

(e) **Other Documents:** Each of the Trustee and DIFCI has in the Transaction Documents to which it is a party submitted to jurisdiction and (where relevant) appointed an agent for service of process in terms substantially similar to those set out above.

(f) **Waiver of Immunity:** DIFCI has agreed in the Transaction Documents to which it is party that, to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to DIFCI or its assets or revenues, it shall not claim, and irrevocably waives, such immunity to the full extent permitted by the laws of such jurisdiction. In addition, DIFCI has irrevocably and unconditionally consented in the Transaction Documents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any of its assets whatsoever of any award, order or judgment made or given in connection with any Proceedings or Disputes.

(g) **Waiver of Interest:**

(i) Each of the Trustee, the Delegate and DIFCI has irrevocably agreed in the Declaration of Trust 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 promptly donate the same to a registered or otherwise officially recognised charitable organisation.

(ii) For the avoidance of doubt, nothing in this Condition 19(g) shall be construed as a waiver of rights in respect of Wakala Portfolio Revenues, Expected Wakala Portfolio Revenues Amount, Periodic Distribution Amounts or profit of any kind howsoever described payable by DIFCI (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court.

GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

Form of the Certificates

The Certificates will be in registered form and will be issued outside the United States in reliance on Regulation S.

The Certificates will be represented by beneficial interests in a global certificate in registered form (the "**Global Certificate**"). The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and will be registered in the name of a nominee for the Common Depositary. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates (as defined below) in fully registered form.

Holders

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the "**Registered Holder**"). Each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular aggregate face amount of such Certificates (the "**Accountholders**") (in which regard any certificate or other document issued by a clearing system as to the aggregate 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 as the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder, and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly. In addition, holders of beneficial interests in the Global Certificate 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 relevant clearing system and its participants to appoint appropriate proxies.

Cancellation

Cancellation of any Certificate represented by the Global Certificate will be effected by reduction in the aggregate face amount of the Certificates in the Register.

Payments

Payments of any amount in respect of the Global Certificate will, in the absence of any provision to the contrary, be made to, or to the order of, the person shown on the Register as the registered holder of the Global Certificate at the close of the Business Day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) immediately prior to the relevant due date for such payment.

None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments of the Dissolution Distribution Amount in respect of Certificates represented by the Global Certificate will be made upon presentation and surrender of the Global Certificate at the specified office of the Registrar or such other office as may be specified by the Registrar subject to and in accordance with the Conditions and the Declaration of Trust. Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of participants in the relevant clearing system in accordance with the relevant clearing system's rules and procedures. A record of each payment made in respect of the

Certificates will be entered into the Register by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

Notices

So long as all the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg or any other clearing system, as the case may be, notices may be given by delivery of the relevant notice to those clearing systems for communication to their Accountholders or otherwise to the holder of the Global Certificate rather than by publication as required by the Conditions except that, so long as the Certificates are listed, traded or quoted on any stock exchange or securities market, notices shall also be published in accordance with the rules of the relevant listing authority, stock exchange, securities market and/or quotation system. Any such notice shall be deemed to have been given on the day on which such notice is delivered to the relevant clearing systems.

Whilst any of the Certificates held by a Certificateholder are represented by the Global Certificate, notices to be given by such Certificateholder may be given (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Registrar and Euroclear and Clearstream, Luxembourg may approve for this purpose.

Electronic Consent and Written Resolution

For so long as the Certificates are in the form of a Global Certificate and while any Global Certificate is registered in the name of any nominee for one or more of Euroclear, Clearstream, Luxembourg or another clearing system, then:

(a) approval of a resolution proposed by the Trustee, DIFCI or the Delegate given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their respective operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates outstanding (an "**Electronic Consent**" as defined in the Declaration of Trust) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum (as specified in the Declaration of Trust) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Declaration of Trust and Condition 14(a)) has been validly passed, the Trustee, DIFCI and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, DIFCI and/or the Delegate, as the case may be, by Accountholders in the relevant clearing system(s) with entitlements to such Global Certificate and/or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the Trustee, DIFCI and the Delegate, as the case may be, has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instructions and prior to the effecting or implementation of such consent or instructions. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph (b), "commercially reasonable evidence" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, and/or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the Accountholder of a particular principal or face amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, DIFCI and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Change of Control Put Right

The Certificateholders' put option in Condition 8(c) of the Certificates may be exercised by the holder of the Global Certificate giving notice to the Registrar or Paying and Transfer Agent of the face amount of Certificates in respect of which the option is exercised and presenting the Global Certificate within the time limits specified in Condition 8(c).

Registration of Title

The Registrar will not register title to the Certificates in a name other than that of a nominee for the Common Depositary for a period of seven calendar days preceding the due date for any payment of any Periodic Distribution Amount or the Dissolution Distribution Amount in respect of the Certificates.

Record dates will be determined in accordance with the standard practices of Euroclear and Clearstream, Luxembourg.

Transfers

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear or Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

Exchange for Definitive Certificates

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of legal holiday) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/ or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the Global Certificate shall be exchanged in full for Definitive 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 Definitive Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the Certificateholders. A person having an interest in the 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 Definitive Certificates.

In this Prospectus, "**Definitive Certificate**" means a trust certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Declaration of Trust in exchange for the Global Certificate, such trust certificate substantially in the form set out in the Schedules to the Declaration of Trust.

USE OF PROCEEDS

The proceeds of the issue of the Certificates will be paid by the Trustee (as Purchaser) to DIFCI (as Seller) for the purchase from the Seller of all of its rights, title, interests, benefits and entitlements in, to and under the Initial Wakala Portfolio. DIFCI shall use the purchase price so received for repaying existing debt and thereafter for general corporate purposes.

DESCRIPTION OF THE TRUSTEE

General

DIFC Sukuk Limited was incorporated in the DIFC on 17 September 2014 as a special purpose company under the DIFC Companies Law (Law No. 2 of 2009) (as amended by DIFC Amendment Law No.1 of 2013) and the Special Purpose Company Regulations with company registration number 1668. The Trustee has been established as a company for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at the offices of Maples Fund Services (Middle East) Limited, Liberty House, 6th Floor, Office 616, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates, and its telephone number is +971 4 511 4200.

The authorised share capital of the Trustee is U.S.$100 conisting of 100 ordinary shares of U.S.$1.00 each, all of which have been issued as at the date of this Prospectus. 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**") under which the Share Trustee holds the Shares on trust until the Termination Date (as defined in 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 a Qualified Charity (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 a Qualified 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 will not have any substantial liabilities other than in connection with the Certificates and any further certificates issued pursuant to the Conditions. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

Financial Statements

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

Directors of the Trustee

The Directors of the Trustee are as follows:

Name	Principal Occupation
Andrew Millar	Regional Head of Fiduciary, Middle East, Maples Fund Services (Middle East) Limited
Aaron Bennett	Vice President, Maples Fund Services (Middle East) Limited

The business address of each of Andrew Millar and Aaron Bennett is c/o Maples Fund Services (Middle East) Limited, Liberty House, 6th Floor, Office 616, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

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.

As a matter of DIFC law, each director is under a duty to act honestly and in good faith with a view to the best interests of the Trustee, regardless of any other directorships he or she may hold.

The Corporate Administrator

Maples Fund Services (Middle East) Limited acts as the corporate service provider of the Trustee (in such capacity, the "**Corporate Administrator**"). The office of the Corporate Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement entered into between the Trustee and the Corporate Administrator, the Corporate Administrator has agreed to perform in the DIFC various management, administrative and other services on behalf of the Trustee until termination of the Corporate Services Agreement. The Trustee and the Corporate 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 Corporate 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 Corporate Administrator may terminate such agreement upon the occurrence of certain stated events, including certain breaches by the other party of its obligations under such agreement. In addition, each of the Corporate Services Agreement and the Registered Office Agreement provides that either party shall be entitled to terminate such agreement by giving at least one month's notice in writing to the other party with a copy to the DIFC Registrar of Companies.

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

The Corporate Administrator's principal office is Liberty House, 6th Floor, Office 616, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The Directors of the Trustee are all employees and/or officers of the Corporate Administrator. The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Group Financial Statements and should also be read in conjunction with "Financial review". See also "Presentation of financial and other information" for a discussion of the sources of the numbers contained in this section. Investors should not rely on interim results as being indicative of the results the Group may achieve for the full year.

The Group

Statement of financial position

The table below shows the Group's consolidated statement of financial position as at 31 December in each of 2011, 2012 and 2013 and as at 30 June 2014.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(U.S.$ million)			
Assets				
Cash and cash equivalents	98.9	84.5	87.1	102.0
Investment securities	759.8	401.7	286.2	194.9
Trade, other receivables and other assets	141.1	60.0	44.4	48.3
Investment in joint ventures	1.8	1.1	0.8	1.4
Goodwill	5.5	5.5	5.5	5.5
Investment properties	1,847.6	2,118.6	2,313.9	2,438.8
Property, plant and equipment	16.5	14.5	12.2	12.2
Assets classified as held for sale	504.5	69.9	69.9	69.9
Total assets	**3,375.6**	**2,755.7**	**2,819.9**	**2,872.8**
Equity and liabilities				
Share capital	200.0	200.0	200.0	200.0
Other reserves	(235.5)	5.7	2.7	(18.0)
Retained earnings	532.8	513.5	752.0	888.5
Non-controlling interests	6.3	0.8	0.2	0.4
Total equity	**503.6**	**720.0**	**954.9**	**1,071.0**
Due to the Government of Dubai	1,000.0	647.2	570.0	570.5
Due to banks and other financial institutions	147.4	949.7	783.2	652.9
Due to Sukuk certificateholders	1,250.0	—	—	—
Derivative liabilities	—	10.4	7.1	7.2
Trade, other payables and other liabilities	238.4	358.5	434.8	501.4
Liabilities directly associated with assets classified as held for sale	236.2	69.9	69.9	69.9
Total liabilities	**2,872.1**	**2,035.7**	**1,865.0**	**1,801.9**
Total equity and liabilities	**3,375.6**	**2,755.7**	**2,819.9**	**2,872.8**

Consolidated income statement and statement of comprehensive income

The tables below show the Group's consolidated income statement and statement of comprehensive income for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

Consolidated income statement

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Income from investment properties	77.8	70.2
Fees and other income	17.9	19.3
Total revenue	**95.7**	**89.5**
Cost of sales	(6.5)	(7.8)
Gross profit	**89.3**	**81.7**
Fair value gain on investment properties	148.4	123.9
Gain from investments and derivatives – net	15.1	5.2
Depreciation expense	(0.3)	(0.0)
Other general and administration expenses	(100.1)	(26.9)
Foreign exchange losses – net	(1.7)	1
Operating profit	**150.8**	**184.8**
Finance income	0.3	0.3
Finance cost	(56.3)	(48.7)
Finance cost – net	**(55.9)**	**(48.3)**
Share of results of joint ventures	(0.0)	0.6
Profit before tax from continuing operations	**94.7**	**137.0**
Income tax expense	(0)	(0)
Profit for the period from continuing operations	**94.7**	**137.0**
Loss for the period from discontinued operations	—	—
Net profit for the period	**94.7**	**137.0**
Consolidated statement of comprehensive income		
Net profit for the period	94.7	137.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Currency translation movements	1.3	(0.7)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**1.3**	**(0.7)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Changes in fair value of financial assets at fair value through other comprehensive income	—	(20.0)
Other comprehensive income for the period	**1.3**	**(20.7)**
Total comprehensive income for the period	**95.9**	**116.3**

Consolidated income statement

	2011	2012	2013
		(U.S.$ million)	
Income from investment properties	128.3	144.1	149.0
Fees and other income	29.1	30.0	37.7
Total revenue	**157.5**	**174.1**	**186.7**
Cost of sales	(7.6)	(7.2)	(13.6)
Gross profit	**149.9**	**166.8**	**173.1**
Fair value gain on investment properties	180.8	278.1	230.8
(Loss)/gain from investments and derivatives – net	(64.7)	1.4	38.7
Depreciation expense	(1.6)	(0.6)	(0.5)
Other general and administration expenses	(53.2)	(74.7)	(131.3)
Provision for impairment in respect of construction work in progress	—	(1.6)	—
Foreign exchange (losses)/gain – net	(1.0)	1.1	0.7
Operating profit	**210.1**	**370.6**	**311.5**
Finance income	6.4	1.3	1.5
Finance cost	(62.3)	(154.4)	(108.9)
Finance cost – net	**(55.9)**	**(153.1)**	**(107.5)**
Share of results of joint ventures	35.0	(0.7)	(0.3)
Profit before tax from continuing operations	**189.3**	**216.7**	**203.8**
Income tax expense	(0)	(0)	(0)
Profit for the year from continuing operations	**189.3**	**216.7**	**203.8**
Loss for the year from discontinued operations	(58.7)	(75.1)	—
Net profit for the year	**130.5**	**141.6**	**203.8**
Consolidated statement of comprehensive income			
Net profit for the year	130.5	141.6	203.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Transfer of share of reserves of an associate to consolidated income statement upon its deemed disposal	1.6	—	—
Reserves transferred to consolidated income statement on disposal of subsidiary	7.3	80.5	—
Currency translation movements	(4.5)	(2.3)	(0.5)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**4.4**	**78.2**	**(0.5)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Changes in fair value of financial assets at fair value through other comprehensive income	(121.7)	3.2	(2.5)
Share of fair value reserve of associate	0.3	—	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(121.4)**	**3.2**	**(2.5)**
Other comprehensive income for the year	**(117.0)**	**81.4**	**(3.0)**
Total comprehensive income for the year	**13.5**	**223.0**	**200.8**

Consolidated statement of cash flows

The tables below summarise the Group's statement of cash flows for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Net cash generated from operating activities	83.5	89.7
Net cash generated from investing activities	17.7	75.6
Net cash used in financing activities	(92.2)	(150.4)
Cash and cash equivalents at the beginning of the period	84.9	87.5
Cash and cash equivalents at the end of the period	93.9	102.5

	2011	**2012**	**2013**
		(U.S.$ million)	
Net cash generated from operating activities	89.4	171.1	142.7
Net cash generated from investing activities	84.3	274.1	80.8
Net cash used in financing activities	(379.9)	(493.9)	(220.9)
Cash and cash equivalents at the beginning of the period	339.8	133.6	84.9
Cash and cash equivalents at the end of the period	133.6	84.9	87.5

Certain ratios

The financial information set out in the tables below has not been prepared in accordance with IFRS and is not subject to audit or review by the Auditors.

The tables below present certain ratios for the Group as at and for the six month periods ended 30 June 2013 and 30 June 2014 and as at for each of the years ended 31 December 2011, 2012 and 2013. In addition, the table presents certain ratios using Combined EBITDA. Combined EBITDA is a simple aggregation of the EBITDA of each of the Group, RoRP and RoC, although investors should be aware that neither RoRP nor RoC are consolidated within the Group and that the Group has no entitlement to any cashflows of either RoRP or RoC. See "*Financial review of the Group—Results of operations and cashflow of RoRP—Comparison of 2011, 2012 and 2013—Cash flows*" and "*Financial review of the Group—Results of operations and cashflow of RoC—Comparison of 2011, 2012 and 2013—Cash flows*" for a discussion of how the cashflows of each of RoRP and RoC are managed operationally.

For a discussion of EBITDA and the calculation of Combined EBITDA, see "*EBITDA*" below.

	As at/six months ended 30 June	
	2013	**2014**
Total debt/total assets(1)	60%	52%
Non-government debt/total assets(2)	32%	23%
EBITDA/interest(3)	1.29	1.13
Combined EBITDA/interest	1.71	1.80
EBITDA/finance cost paid(4)	2.87	3.17
Combined EBITDA/finance cost paid	3.79	5.04
Net debt/EBITDA(5)(6)	10.94	12.65
Net debt/Combined EBITDA(6)	8.27	7.98
Net non-Government debt/EBITDA(7)(6)	6.14	5.96
Net non-Government debt /Combined EBITDA(6)	4.15	3.17

	As at/year ended 31 December		
	2011	2012	2013
Total debt/ total assets[1]	73%	65%	56%
Non-government debt/total assets[2]	41%	34%	28%
EBITDA/interest[3]	1.73	0.60	1.16
Combined EBITDA/interest	2.17	0.84	1.52
EBITDA/finance cost paid[4]	3.17	2.14	2.59
Combined EBITDA/finance cost paid	3.99	3.00	3.39
Net debt/EBITDA[5]	24.49	18.37	12.04
Net debt/Combined EBITDA	19.50	13.10	9.22
Non-Government debt/EBITDA[2]	14.46	10.30	6.28
Net non-Government debt/Combined EBITDA[7]	10.70	6.70	4.27

Notes:

(1) Total debt comprises the sum of (i) Due to the Government of Dubai, (ii) Due to banks and other financial institutions, (iii) Accrued expenses – Interest Accrual relating to the Government of Dubai (as set out in Note 20 to the Group 2013 Financial Statements) and (iv) Due to Sukuk certificateholders and amounted to U.S.$2,465.9 million at 31 December 2011, U.S.$1,777.7 million at 31 December 2012, U.S.$1,673.2 million at 30 June 2013, U.S.$1,589.1 million at 31 December 2013 and U.S.$1,488.5 million at 30 June 2014. Total debt excludes Derivative liabilities and Due to related parties (in the case of Due to related parties, as set out in Note 20 to the Group 2013 Financial Statements). Derivative liabilities amounted to zero at 31 December 2011, U.S.$10.4 million at December 2012, U.S.$6.9 million at 30 June 2013, U.S.$7.1 million at December 2013 and U.S.$7.2 million at 30 June 2014. Due to related parties (as set out in Note 20 to the Group 2013 Financial Statements) amounted to U.S.$24.3 million at 31 December 2011, U.S.$14.8 million at 31 December 2012, U.S.$36.3 million at 30 June 2013, U.S.$5.2 million at 31 December 2013 and U.S.$29.5 million at 30 June 2014.

(2) Non-Government debt equals total debt (as referred to in note (1) above) less (i) Due to the Government of Dubai and (ii) Accrued expenses – Interest Accrual relating to the Government of Dubai (as set out in Note 20 to the Group 2013 Financial Statements) and amounted to U.S.$1,397.4 million at 31 December 2011, U.S.$949.7 million at 31 December 2012, U.S.$885.9 million at 30 June 2013, U.S.$783.3 million at 31 December 2013 and U.S.$652.9 million at 30 June 2014.

(3) Interest comprises finance cost less finance income and amounted to U.S.$55.9 million at 31 December 2011, U.S.$153.1 million at 31 December 2012, U.S.$55.9 million at 30 June 2013, U.S.$107.5 million at 31 December 2013 and U.S.$48.3 million at 30 June 2014.

(4) Finance cost paid comprises the sum of (i) interest paid on Due to banks and other financial institutions and (ii) profit paid on Due to Sukuk certificateholders and amounted to U.S.$30.5 million at 31 December 2011, U.S.$43.0 million at 31 December 2012, U.S.$25.2 million at 30 June 2013, U.S.$48.1 million at 31 December 2013 and U.S.$17.3 million at 30 June 2014.

(5) Net debt comprises total debt less cash and cash equivalents and amounted to U.S.$2,367 million at 31 December 2011, U.S.$1,693.2 million at 31 December 2012, U.S.$1,580 million at 30 June 2013, U.S.$1,502 million at 31 December 2013 and U.S.$1,386.4 million at 30 June 2014.

(6) For these purposes, EBITDA and Combined EBITDA have been calculated for the relevant six month period and multiplied by 2.

(7) Net non-Government debt comprises total debt (as referred to in note (1) above) less (i) Due to the Government of Dubai, (ii) Accrued expenses – Interest accrual relating to the Government of Dubai (as set out in Note 20 to the Group 2013 Financial Statements) and (iii) Cash and cash equivalents and amounted to U.S.$1,298.6 million at 31 December 2011, U.S.$865.2 million at 31 December 2012, U.S.$792.5 million at 30 June 2013, U.S.$696.1 million at 31 December 2013 and U.S.$550.9 million at 30 June 2014.

EBITDA

The table below shows the reconciliation of the Group's profit for the period to EBITDA for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013. EBITDA is not a measure of profit for the period, operating performance or liquidity and is not recognised under IFRS. For a discussion of EBITDA, see "*Presentation of financial and other information—Non-GAAP measures—EBITDA*".

	Year/period ended				
	31 December			30 June	
	2011	2012	2013	2013	2014
	(U.S.$ million)				
Net profit for the period	130.5	141.6	203.8	94.7	137.0
Loss from discontinued operations	58.7	75.1	0	0	0
Income tax expense	0	0	0	0	0
Share of results of joint ventures	(35.0)	0.7	0.3	0.1	(0.6)
Net finance cost	55.9	153.1	107.4	55.9	48.3
Net foreign exchange losses/(gains)	1.0	(1.1)	(0.7)	1.7	(1)
Provision for impairment	—	1.6	—	—	—
Depreciation expense	1.6	0.6	0.5	0.3	0.1
Net loss/(gain) from investments and derivatives	64.7	(1.4)	(38.7)	(15.1)	(5.2)
Fair value gain on investment properties	(180.8)	(278.1)	(230.8)	(148.4)	(123.9)
Other expense[1]	—	—	82.9	82.9	—
EBITDA from DIFCI	**96.6**	**92.2**	**124.7**	**72.2**	**54.8**
EBITDA from RoC[2]	**9.3**	**10.7**	**11.9**	**6.1**	**6.7**
EBITDA from RoRP[3]	**15.5**	**26.3**	**26.3**	**17.2**	**25.4**
Combined EBITDA[4]	**121.4**	**129.2**	**162.9**	**95.5**	**86.9**

Notes:

(1) Other expense comprises a non-cash accrual of U.S.$82.9 million relating to a provision in respect of a claim which is currently being negotiated that the Group should contribute to certain infrastructure development costs. See "*Financial review—Results of operations of the Group—Comparison of 2011, 2012 and 2013—Other items of operating income and expense—Other general and administrative expenses*".

(2) EBITDA from RoC is calculated as RoC's net profit for the period adding back depreciation as follows:

	31 December			30 June	
	2011	2012	2013	2013	2014
Net Profit	9.22	10.66	11.89	6.07	6.69
Depreciation	0.04	0.04	0.04	0.02	0.02
EBITDA from ROC	**9.26**	**10.70**	**11.93**	**6.09**	**6.71**

(3) EBITDA from RoRP is calculated as RoRP's net profit for the period adding back depreciation as follows:

	31 December			30 June	
	2011	2012	2013	2013	2014
Net Profit	15.50	26.34	26.32	17.21	25.40
Depreciation	—	—	—	—	—
EBITDA from RoRP	**15.50**	**26.34**	**26.32**	**17.21**	**25.40**

(4) Combined EBITDA is calculated as the sum (i) EBITDA from DIFCI, (ii) EBITDA from RoC and (iii) EBITDA from RoRP, each as set out in the table above.

Dubai International Financial Centre Registrar of Companies

Statement of financial position

The table below shows RoC's statement of financial position as at 31 December in each of 2011, 2012 and 2013 and as at 30 June 2014.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(U.S.$ million)			
Assets				
Bank balance	8.1	0.5	0.5	0.4
Due from a related party	1.7	—	—	7.7
Property and equipment	0.3	0.3	0.3	0.2
Total assets	**10.1**	**0.8**	**0.8**	**8.3**
Equity and liabilities				
Retained earnings	2.2	0.3	0.5	7.2
Total equity	**2.2**	**0.3**	**0.5**	**7.2**
Trade and other payables	7.9	0.5	0.3	1.2
Total liabilities	**7.9**	**0.5**	**0.3**	**1.2**
Total equity and liabilities	**10.1**	**0.8**	**0.8**	**8.3**

Statement of comprehensive income

The tables below show RoC's statement of comprehensive income for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Fee income	6.5	7.1
General and administration expenses	(0.4)	(0.4)
Net profit for the period	**6.1**	**6.7**
Other comprehensive income for the period	—	—
Total comprehensive income for the period	**6.1**	**6.7**

	2011	**2012**	**2013**
	(U.S.$ million)		
Fees and other income	10.0	11.5	12.8
General and administration expenses	(0.8)	(0.9)	(0.9)
Net profit for the year	**9.2**	**10.7**	**11.9**
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	**9.2**	**10.7**	**11.9**

Statement of cash flows

The tables below summarise RoC's statement of cash flows for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Net cash used in operating activities	(0.1)	(0.1)
Cash and cash equivalents at the beginning of the period	0.5	0.5
Cash and cash equivalents at the end of the period	0.4	0.4

	2011	**2012**	**2013**
		(U.S.$ million)	
Net cash generated from/(used in) operating activities	9.5	(7.6)	(0)
Cash used in financing activities	(3.5)	—	—
Cash and cash equivalents at the beginning of the period	2.1	8.1	0.5
Cash and cash equivalents at the end of the period	8.1	0.5	0.5

Dubai International Financial Centre Registrar of Real Property

Statement of financial position

The table below shows RoRP's statement of financial position as at 31 December in each of 2011, 2012 and 2013 and as at 30 June 2014.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
		(U.S.$ million)		
Assets				
Bank balance	5.4	1.2	0.9	9.4
Due from a related party	21.7	14.2	4.5	21.2
Property and equipment	0	0	0	0
Total assets	**27.2**	**15.4**	**5.3**	**30.6**
Equity and liabilities				
Retained earnings	14.0	10.0	0.1	25.5
Total equity	**14.0**	**10.0**	**0.1**	**25.5**
Trade and other payables	2.5	2.2	1.9	1.8
Due to a related party	10.7	3.2	3.2	3.3
Total liabilities	**13.2**	**5.3**	**5.2**	**5.1**
Total equity and liabilities	**27.2**	**15.4**	**5.3**	**30.6**

Statement of comprehensive income

The tables below show RoRP's statement of comprehensive income for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

	Six months ended 30 June	
	2013	2014
	(U.S.$ million)	
Fee income	17.6	25.8
General and administration expenses	(0.4)	(0.4)
Net profit for the period	**17.2**	**25.4**
Other comprehensive income for the period	—	—
Total comprehensive income for the period	**17.2**	**25.4**

	2011	2012	2013
		(U.S.$ million)	
Fee income	16.2	27.0	27.1
General and administration expenses	(0.7)	(0.7)	(0.8)
Net profit for the year	**15.5**	**26.3**	**26.3**
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	**15.5**	**26.3**	**26.3**

Statement of cash flows

The tables below summarise RoRP's statement of cash flows for the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

	Six months ended 30 June	
	2013	2014
	(U.S.$ million)	
Net cash used in operating activities	2.5	8.6
Cash and cash equivalents at the beginning of the period	1.2	0.9
Cash and cash equivalents at the end of the period	3.7	9.4

	2011	2012	2013
		(U.S.$ million)	
Net cash generated from/(used in) operating activities	8.5	(4.3)	(0.3)
Cash used in financing activities	(4.0)	—	—
Cash and cash equivalents at the beginning of the period	0.9	5.4	1.2
Cash and cash equivalents at the end of the period	5.4	1.2	0.9

FINANCIAL REVIEW OF THE GROUP

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Selected financial information" and the Group Financial Statements.

The discussion of the Group's financial condition and results of operations is based upon the Group Financial Statements which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the headings "Cautionary note regarding forward-looking statements" and "Risk factors".

See "Presentation of financial and other information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

All information in this section as at, and relating to the six month periods ended, 30 June 2013 and 30 June 2014 is unaudited. Results for any interim period within a year will not necessarily be indicative of the results for the full year.

Overview

The Company was established to carry on all of the commercial activities associated with the DIFC, including the creation of the DIFC infrastructure and managing and leasing the plots of land developed by it within the DIFC. Located between the major international capital markets of New York and London (in the West) and Hong Kong and Singapore (in the East), the Emirate of Dubai is well placed to connect the MENA region with global financial markets. The DIFC was conceived by the Government to promote growth and development of financial services within the UAE by providing world-class infrastructure and business opportunities. In 2011, the DIFC directly contributed approximately 4 per cent. to Dubai's total gross domestic product ("GDP") with the contribution of the financial services sector as a whole, which is predominantly located in the DIFC, being around 12 per cent.

As at 30 June 2014, approximately 10.4 million square feet, or 42 per cent., of the gross floor area of the DIFC is owned by the Group with the balance being owned by third parties who have purchased it from the Group. Construction of the first buildings within the DIFC commenced in late 2004 and the first buildings, The Gate and the Gate Precinct, were completed in 2005. The Group owns The Gate and buildings 2 through 5 of the six Gate Precinct buildings. The Group also owns one other development, the Gate Village (buildings 1 through 8 and 10), which was completed in 2008. As at 30 June 2014, the Group owned a net leasable area of approximately 1.6 million square feet which had an overall occupancy rate of 99.3 per cent. The Group's master plan for the DIFC extends over all 110 acres of land granted by the Government and envisages a total gross floor area upon final completion of 25.5 million square feet, of which approximately 60 per cent. had been completed at 30 June 2014. The remaining 40 per cent. is currently expected to be developed, both by the Group and third party developers, over the period to 2035.

The Group's principal revenue generating activity is leasing the property which it has developed in the DIFC. The Group also generates more limited fee income associated with its leasing activity and, from time to time, income from the sale of property within the DIFC. The Group's operating income also includes the net fair value gains which it records on its investment property portfolio and its limited portfolio of investment securities, although these gains are not cash generating. In each of the periods under review, these net gains have exceeded the Group's operating expenses and net finance cost with the result that the Group's net profit from continuing operations has exceeded its gross profit in each period under review.

In the coming years, the Group expects to incur significant capital expenditure in the development of some of the remaining plots which it owns within the DIFC, see "*Description of the Group—Activities of the Group—Infrastructure—Future infrastructure development*".

In the six months ended 30 June 2014, the Group's revenue from leasing and sales of investment property and related fee and other income amounted to U.S.$89.5 million compared to U.S.$95.7 million in the corresponding period of 2013 and its net profit for each period was U.S.$137.0 million and U.S.$94.7 million, respectively. In 2013 and 2012, the Group's revenue and related fee income amounted to U.S.$186.7 million and U.S.$174.1 million, respectively, and its net profit for each year was U.S.$203.8 million and U.S.$141.6 million, respectively. As at 30 June 2014,

the Group had total assets of U.S.$2,872.8 million, of which 84.9 per cent. comprised its investment property portfolio.

Principal factors affecting the Group's results of operations

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

Continuing effect of historic property market and economic conditions

The Group's principal revenue stream is the rent paid by office and retail tenants in its properties within the DIFC. In addition, the net fair value gains that the Group has recorded in respect of its portfolios of investment properties and investment securities have also been a material contributor to its operating profit in the period since 2011, see "*Revenue from investment properties*" and "*Fair value gains and losses*", respectively, below. Accordingly, the Group's results of operations may be materially affected by changes in property market and economic conditions in a number of ways. For example, a significant downturn in the Dubai property market would be likely to materially adversely affect both the amount of rent that the Group could charge on new tenancies and the fair value of its investment properties. Adverse economic conditions would also be likely to affect the demand for new tenancies in the DIFC and the ability of existing tenants to make their rental payments in full, as well as the fair value of the Group's investment securities, each of which could negatively affect the Group's revenue or result in increased receivables and impairment charges.

The Group expanded significantly in the period from its establishment in 2005 to the end of 2007, both through the construction and lease of properties in the DIFC and through the investment of its spare cash in a range of strategic and other ventures. However, the Group was negatively affected by the significant downturn in the Dubai property market since the end of 2007 and the adverse economic conditions experienced in Dubai in the immediately following years. These conditions resulted in a significant increase in the Group's borrowings as it sought additional financing from the Government in 2008 and 2009 and sought to refinance existing debt in 2012.

Although the Group has reduced its borrowings from U.S.$2,397.4 million at 31 December 2011 to U.S.$1,223.4 million at 30 June 2014, it has principally achieved this through asset sales and transfers of assets to Investment Corporation of Dubai ("**ICD**"), a Government entity, in partial settlement of the outstanding financing provided by ICD. As a result, over the same period, the Group has sold, transferred or liquidated all of its material subsidiaries and equity accounted investees as well as a number of less significant entities and the fair value of its portfolio of investment securities has fallen from U.S.$759.8 million at 31 December 2011 to U.S.$194.9 million at 30 June 2014.

These developments have affected the Group's results of operations in a number of ways:

- its finance cost, which was U.S.$62.3 million in 2011, increased to U.S.$154.4 million in 2012 before falling to U.S.$108.9 million in 2013 and was U.S.$48.7 million in the six months to 30 June 2014. During 2011, the Group ceased accruing interest on a loan made to it by the Dubai Financial Support Fund ("**DFSF**"), another Government entity, as it understood that an interest moratorium in respect of that loan had been agreed. However, in 2012 accrued interest on the DFSF loan was charged for both 2012 and for the majority of 2011 following clarification, in 2012, that there would be no interest moratorium on the DFSF loan. This was the principal reason for the increase in finance cost in 2012 and was also a major contributor to the reduction in finance cost in 2013;
- in each of 2011 and 2012, the Group experienced a loss, of U.S.$58.7 million and U.S.$75.1 million, respectively, on discontinued operations as it sought to sell or liquidate subsidiaries to raise funds, including to repay outstanding financing, and to eliminate unprofitable businesses; and
- in 2011, the Group's share of the results of its equity accounted investees was U.S.$35.0 million. Following the transfer during 2012 of part of the Group's interest in one such entity, Dubai Aerospace, in partial settlement of financing provided by a Government entity, which resulted in the Group's remaining interest in Dubai Aerospace ceasing to be equity accounted, the Group's share of the results of its remaining equity accounted investees was a loss of U.S.$0.7 million and U.S.$0.3 million in 2012 and 2013, respectively.

On 2 September 2014, the ICD loan was fully repaid through the transfer by the Group of further assets to ICD, see "*Recent developments*" below.

Revenue from investment properties

The Group's revenue from its investment properties principally comprises rental income. The principal factors affecting the Group's rental income are:

- the proportion of property available for lease;
- the occupancy rate in respect of that property; and
- its ability to increase the rental rates charged.

In each period under review, the Group has derived rental income from three properties: The Gate, the Gate Village (buildings 2 through 5) and the Gate Precinct (buildings 1 through 8 and 10). During this period, the Group has sought to maximise the amount of rental generating space in each building, for example through converting common areas such as balconies and mezzanines into leasable space. No new investment properties have been constructed by the Group in any period under review.

The Group's overall occupancy rate in respect its investment properties was 96.5 per cent. in 2011, 95.2 per cent. in 2012, 98.8 per cent. in 2013 and 99.3 per cent. in the six months ended 30 June 2014.

The Group's standard lease tenor is for three years and the rental rates for all of these leases are fixed for the entire lease term. For longer leases, rent review clauses are generally included although the nature and timing of the reviews varies between leases. Approximately 80 per cent. of the Group's leasable area is office space with the balance being retail space. The Group's average office rental rate at 30 June 2014 was U.S.$71.04 per square foot compared to U.S.$60.13 per square foot for retail space, although the retail leases generally provide for the rent to be the higher of a fixed rate and a percentage of turnover and the average rental rate referred to above excludes any higher revenue sharing amounts paid.

The Group has more than 400 leases and the average tenor of the leases is six years. As a result, a significant number of leases expire and are renewed each year, with the renewal rates for office and retail premises being 88 per cent. and 76 per cent., respectively, in 2013. According to research published by Knight Frank LLP, rental rates in Dubai peaked at the end of 2007 before falling steadily until mid-2010 and then increasing slowly to the end of 2013, although still below the 2007 peak levels. Provided that rental rates continue to increase, the Group's rental income should be positively affected by most new leases granted and existing leases renewed as well as by rent reviews undertaken.

Fair value gains and losses

The Group's results of operations have been significantly affected in each period under review by fair value gains and losses and are likely to continue to be so affected. The principal assets held by the Group which are fair valued are its investment properties and its investment securities.

Investment properties

The Group's investment properties are those properties held by it for the purpose of earning rental income and/or capital appreciation. Investment properties also include land under construction which is intended to be held as investment property and land held for future development in line with the DIFC master plan, see "*Description of the Group—Activities of the Group—Infrastructure*".

Investment property is initially measured at cost and thereafter remeasured at fair value on each balance sheet date. Gains or losses arising on such remeasurement are included in the income statement in the period in which they arise. The Group conducts an independent external valuation of its investment property portfolio on an annual basis. The fair values of the Group's leased properties are typically estimated based on the discounted cash flow generated through rental income. The significant assumptions made by the Group's valuer include:

- the discount rates used;
- occupancy rates;
- market rentals; and
- marketability of the property.

In each period under review, the Group has recorded increases in the fair value of its investment properties, although the amounts of such increases have varied from period to period. The increases have been driven by improved real estate market conditions, particularly in DIFC office properties.

According to independent property consultants' reports, DIFC's grade A offices command some of the highest rental rates in the Dubai office market and benefit from high occupancy levels reflecting their perceived quality, the fact that properties are let directly rather than through agents, the complementary asset classes offered such as retail, residential and hospitality and their limited supply.

The Group's undeveloped plots are fair valued based on comparable sale transactions in and around the greater DIFC area and immediately adjacent business districts, taking into account the individual development potential and scope of each plot, demand factors, the relative business case for each plot based on the DIFC master plan and, in the case of investment properties under development, estimates of future construction costs and times.

The fair value of the Group's investment properties may be volatile and could give rise to significant fair value losses in future periods, particularly if conditions similar to those described above in 2008 and 2009 recur. Changes in the fair values of the Group's investment properties do not represent cash inflows or outflows.

Investment securities

The Group's investment securities are currently classified as:

- at fair value through profit and loss ("**FVTPL**") when they are acquired primarily for the purpose of making a short-term trading profit; and
- at fair value through other comprehensive income ("**FVTOCI**") when they are neither FVTPL securities nor a financial asset held at amortised cost.

FVTPL investments are measured at fair value at the end of each reporting period, with any gains or losses made on remeasurement being recorded in the income statement. FVTOCI investments are also measured at fair value at the end of each reporting period, with any gains or losses made on remeasurement being recognised in other comprehensive income and accumulated in the fair value reserve. When a FVTOCI investment is disposed of, the accumulated gain or loss is reclassified from the fair value reserve to retained earnings.

Principally reflecting changing market conditions, the fair value of the Group's investment securities has been volatile in past periods and could continue to be volatile in future periods. Changes in the fair value of the Group's investment securities affect both its income statement and its statement of comprehensive income and equity, but do not represent cash inflows or outflows.

To illustrate the impact of fair value gains and losses on its results of operations, the table below shows the Group's operating profit, its fair value gains and losses recorded in the income statement and its operating profit or loss excluding the effect of these fair value gains and losses in each of 2011, 2012 and 2013 and for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Year ended 31 December			**Six months ended 30 June**	
	2011	**2012**	**2013**	**2013**	**2014**
			(U.S.$ million)		
Operating profit	210.1	370.6	311.5	150.8	184.8
Fair value gain on investment properties	(180.8)	(278.1)	(230.8)	(148.4)	(123.9)
Fair value loss/(gain) of investment securities and derivatives	68.7	9.6	(30.4)	(9.1)	(4.4)
Operating profit/(loss) excluding fair value changes	**98.0**	**102.1**	**50.3**	**(6.7)**	**56.5**

Recent Developments

On 2 September 2014, the Company and ICD entered into a Facility Discharge and Subordination Termination Agreement and an associated Sale and Purchase Agreement pursuant to which the Group transferred its freehold interest in Plot GB—03/04 in the DIFC to ICD against discharge in full of the ICD loan.

In September 2014, the Company and DFSF agreed to amend the terms of the DFSF loan to, among other things, reduce the interest rate and extend the maturity date of the DFSF loan to the maturity date of the Certificates. The terms of the amended and restated DFSF loan also provide

that the obligations of the Company under the loan shall, until such time as the Certificates have been redeemed in full, rank subordinate and junior to the obligations of the Company to the Trustee in connection with the Certificates.

See "*Borrowings—ICD and DFSF loans*" below for further details of the ICD loan and the DFSF loan.

Results of operations of the Group

Comparison of the six month periods ended 30 June 2013 and 30 June 2014

Revenue

The Group's revenue principally comprises rental income from investment properties which, in turn, principally comprises lease income derived by the Group from leasing properties owned by it for office and retail usage but also includes income from the sale of additional gross floor area for plots developed by third parties which varies significantly from period to period. In addition, the Group generates fees and other income from food and beverage fees, parking revenue and data centre usage revenue from properties owned by the Company and revenue generated through events organised in the DIFC for third parties by the Company's events and hospitality team. The Group may also, from time to time, make gains or losses on disposals of investment property. The table below shows the breakdown of the Group's revenue for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June			
	2013		2014	
	(U.S.$ million)	*(% of total)*	*(U.S.$ million)*	*(% of total)*
Rental income from investment properties	77.8	81.3	70.2	78.4
Gain on sale from investment property	—	—	—	—
Total income from investment properties	**77.8**	**81.3**	**70.2**	**78.4**
Fees and other income	17.9	18.7	19.3	21.6
Total revenue	**95.7**	**100.0**	**89.5**	**100.0**

The Group's total revenue for the six months ended 30 June 2013 amounted to U.S.$95.7 million compared to U.S.$89.5 million for the corresponding period of 2014.

The decrease of U.S.$6.2 million, or 6.5 per cent., in the 2014 period compared to the 2013 period principally reflected reduced rental income from investment properties which was driven by a significant reduction in the amount of additional gross floor area sold to third parties in the 2014 period compared to the 2013 period. This decrease was partly compensated by increased fee and other income in the 2014 period, which reflected an increase in Government services income and improved performance in two subsidiaries, Emirates Consulting Group LLC ("**ECG**") and Gate Media LLC.

Cost of sales

In the six months ended 30 June 2013, the Group's cost of sales amounted to U.S.$6.5 million compared to U.S.$7.8 million in the corresponding period of 2014. The U.S.$1.4 million, or 21.1 per cent., increase in cost of sales in the 2014 period compared to the 2013 period principally reflected an increase in the cost of Government services and in the cost of sales at ECG.

Gross profit

Reflecting the above factors, the Group's gross profit amounted to U.S.$89.3 million in the six months ended 30 June 2014 compared to U.S.$81.7 million in the corresponding period of 2014, a decrease of U.S.$7.5 million, or 8.5 per cent.

Other items of operating income and expense

The Group's significant other items of operating income and expense comprise the net fair value gain or loss recorded on its investment properties, its other general and administration expenses and the

net gain or loss recorded by it on investments and derivatives. Other insignificant items of operating income and expense comprise the Group's depreciation charge on its fixed assets, its net foreign exchange gains or losses and, in 2012, a provision for impairment in respect of certain construction work in progress. The table below shows the breakdown of the Group's significant other items of operating income and expense for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Fair value gain on investment properties	148.4	123.9
Other general and administration expenses	(100.1)	(26.9)
Gain from investments and derivatives – net	15.1	5.2
Other	(2.0)	0.9
Total	**61.5**	**103.1**

In the six months ended 30 June 2013, the Group's total net other operating income amounted to U.S.$61.5 million compared to U.S.$103.1 million in the corresponding period of 2014.

The U.S.$41.6 million increase in net other operating income in the 2014 period compared to the 2013 period principally reflected a U.S.$73.2 million, or 73.1 per cent., reduction in other general and administration expenses. This positive change was partly offset by a U.S.$24.5 million reduction in fair value gain on investment properties and a U.S.$9.9 million reduction in net gain from investments and derivatives. See below for an analysis of each of these changes.

Fair value gain on investment properties

The table below shows the composition of the fair value gain recorded on investment properties in each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Fair value gain on developed property	117.8	36.1
Fair value gain on land	30.6	87.8
Total fair value gain	**148.4**	**123.9**

See "*Principal factors affecting the Group's results of operations—Fair value gains and losses—Investment properties*" above for an explanation of the reasons for these fair value gains.

Net loss or gain from investments and derivatives

The table below shows the breakdown of the Group's net loss or gain from investments and derivatives for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Fair value gains on investment securities and related funding	5.5	4.5
Fair value gains/(losses) on derivative financial instruments	3.6	(0.1)
Dividend income	6.0	0.9
Total net gain from investments and derivatives	**15.1**	**5.2**

In the six months ended 30 June 2013, the Group's U.S.$15.1 million total net gain from investments and derivatives principally reflected dividend income and fair value gains on investment securities and related funding (principally reflecting an improvement in the net asset value of the MENA Opportunities Fund which was partially offset by a decline in the net asset value of the New Horizon Fund). In the six months ended 30 June 2014, the Group's U.S.$5.2 million total net gain from investments and derivatives principally reflected fair value gains on investment securities and related funding (with an improvement in the net asset value of the MENA Opportunities Fund outweighing a decrease in value of the Global MENA Financial Asset).

The other changes between the two periods were a significant reduction in dividend income in the 2014 period, which resulted from the fact the dividends declared by the New Horizon Fund were significantly higher in the 2013 period than the 2014 period, and a small fair value loss on derivative financial investments in the 2014 period compared to a gain in the 2013 period, which principally reflected changes in market conditions.

Other general and administration expenses

In the six months ended 30 June 2013, the Group's other general and administration expenses amounted to U.S.$100.1 million compared to U.S.$26.9 million in the corresponding period of 2014. The U.S.$73.2 million, or 73.1 per cent., reduction in the 2014 period compared to the 2013 period was driven by the fact that in the 2013 period the Group recorded a provision in respect of a claim, which is currently being negotiated, that the Group should contribute to certain infrastructure development costs. The Group does not provide a breakdown of general and administrative costs in its interim financial statements.

Finance cost–net

The table below shows the breakdown of the Group's net finance expenses for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Finance income	0.3	0.3
Finance cost	(56.3)	(48.7)
Net finance cost	**(55.9)**	**48.3**

See "*Principal factors affecting the Group's results of operations—Continuing effect of historic property market and economic conditions*" above for an explanation of the reasons for these trends in net finance cost.

Net profit for the period

Reflecting the above factors and an insignificant tax charge on certain of the Group's foreign operations in each period, the Group recorded a net profit of U.S.$94.7 million in the six months ended 30 June 2013 compared to U.S.$137.0 million in the corresponding period of 2014.

Comprehensive income for the period

Other comprehensive (loss)/income represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The table below shows the breakdown of the Group's total comprehensive (loss)/income for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Net profit for the period	94.7	137.0
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		
Currency translation movements	1.3	(0.7)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**1.3**	**(0.7)**
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods		
Change in the fair value of financial assets at fair value through other comprehensive income	—	(20.0)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**—**	**(20.0)**
Other comprehensive income/(loss) for the period	1.3	(20.7)
Total comprehensive income for the period	**95.9**	**116.3**

The Group's other comprehensive income for the six months ended 30 June 2013 was U.S.$1.3 million compared to another comprehensive loss of U.S.$20.0 million in the corresponding period of 2014. The other comprehensive loss in the 2014 period principally resulted from negative fair value changes in financial assets at fair value through other comprehensive income and mainly related to the Group's investment in Etisalat Misr.

Comparison of 2011, 2012 and 2013

Revenue

The table below shows the breakdown of the Group's revenue for each of 2011, 2012 and 2013.

	2011		**2012**		**2013**	
	(U.S.$ million)	*(% of total)*	*(U.S.$ million)*	*(% of total)*	*(U.S.$ million)*	*(% of total)*
Rental income from investment properties	128.3	81.5	128.8	74.0	145.7	78.1
Gain on sale from investment property	—	—	15.2	8.8	3.3	1.8
Total income from investment properties	**128.3**	**81.5**	**144.1**	**82.8**	**149.0**	**79.8**
Fees and other income	29.1	18.5	30.0	17.2	37.7	20.2
Total revenue	**157.4**	**100.0**	**174.1**	**100.0**	**186.7**	**100.0**

The Group's total revenue for 2011 amounted to U.S.$157.4 million compared to U.S.$174.1 million for 2012 and U.S.$186.7 million for 2013.

The increase of U.S.$16.7 million, or 10.6 per cent., in 2012 compared to 2011 principally reflected a gain of U.S.$15.2 million made on the sale of an investment property to a related party. No disposals of investment property were made in 2011.

The increase of U.S.$12.6 million, or 7.2 per cent., in 2013 compared to 2012 principally reflected:

- a U.S.$16.9 million, or 13.1 per cent., increase in rental income from investment properties driven by improved occupancy rates and the creation and lease of additional gross floor area; and
- a U.S.$7.7 million, or 25.5 per cent., increase in fee and other income is due to the fact that updated financial information of Emirates Consulting Group LLC ("ECG"), a subsidiary of the Company, was made available in respect of the years 2008 through 2012 and was included in the Group's consolidated financial statements in aggregate in 2013.

These increases were partially offset by a U.S.$11.9 million fall in gains from the sale of investment property as only minor disposals of investment property were made in 2013.

Cost of sales

In 2011, the Group's cost of sales amounted to U.S.$7.6 million compared to U.S.$7.2 million in 2012 and U.S.$13.6 million in 2013. The U.S.$6.4 million, or 88.2 per cent., increase in cost of sales in 2013 compared to 2012 reflected the inclusion of updated aggregated ECG cost of sales figures in respect of 2008 through 2012 in the Group's consolidated financial statements in 2013.

Gross profit

Reflecting the above factors, the Group's gross profit amounted to U.S.$149.9 million in 2011 compared to U.S.$166.9 million in 2012 and U.S.$173.0 million in 2013, an increase of U.S.$17.0 million, or 11.3 per cent., in 2012 and U.S.$6.1 million, or 3.7 per cent., in 2013.

Other items of operating income and expense

The table below shows the breakdown of the Group's significant other items of operating income and expense for each of 2011, 2012 and 2013.

	2011	**2012**	**2013**
		(U.S.$ million)	
Fair value gain on investment properties	180.8	278.1	230.8
Other general and administration expenses	(53.2)	(74.7)	(131.3)
(Loss)/gain from investments and derivatives – net	(64.7)	1.4	38.7
Other	(2.6)	(1.1)	0.2
Total	**60.3**	**203.7**	**138.5**

In 2011, the Group's total net other operating income amounted to U.S.$60.3 million compared to U.S.$203.7 million in 2012 and U.S.$138.5 million in 2013.

The U.S.$143.4 million increase in net other operating income in 2012 compared to 2011 principally reflected:

- a U.S.$97.3 million, or 53.8 per cent., increase in the fair value gain recorded on investment properties; and
- a U.S.$66.1 million change in net gain from investments and derivatives, from a U.S.$64.7 million net loss in 2011 to a gain of U.S.$1.4 million in 2012.

These positive changes were partly offset by a U.S.$21.4 million increase in other general and administration expenses. See below for an analysis of each of these changes.

The U.S.$65.2 million fall in net other operating income in 2013 compared to 2012 principally reflected:

- a U.S.$56.7 million, or 75.9 per cent., increase in other general and administration expenses; and
- a U.S.$47.2 million fall in the fair value gain recorded on investment properties.

These negative changes were partly offset by a U.S.$37.4 million increase in net gain from investments and derivatives.

Fair value gain on investment properties

The table below shows the composition of the fair value gain recorded on investment properties in each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Fair value gain on developed property	10.3	273.1	94.3
Fair value gain on land	170.5	5.0	136.6
Total fair value gain	**180.8**	**278.1**	**230.8**

See "*Principal factors affecting the Group's results of operations—Fair value gains and losses—Investment properties*" above for an explanation of the reasons for these fair value gains.

Other general and administration expenses

The table below shows the breakdown of the Group's principal other general and administration expenses for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Office administration expenses	31.6	31.1	29.0
Shared costs charged by a related party	10.4	8.7	9.9
Staff costs	7.7	7.2	7.8
Charge for onerous lease contract	—	21.3	—
Other	3.5	6.4	84.6
Total other general and administration expenses	**53.2**	**74.7**	**131.3**

In 2011, the Group's other general and administration expenses amounted to U.S.$53.2 million compared to U.S.$74.7 million in 2012 and U.S.$131.3 million in 2013. The U.S.$21.5 million, or 40.4 per cent., increase in 2012 compared to 2011 was driven by a U.S.$21.3 million charge made in 2012 in respect of a lease contract entered into in previous years which, reflecting changes in circumstances, subsequently became an onerous lease contract. The U.S.$56.6 million, or 75.8 per cent., increase in 2013 compared to 2012 was driven by a U.S.$78.2 million increase in other general and administration expenses, principally reflecting a provision in respect of a claim, which is currently being negotiated, that the Group should contribute to certain infrastructure development costs. This increase was partly offset by the fact that no onerous lease charge was made in 2013.

Net loss or gain from investments and derivatives

The table below shows the breakdown of the Group's net loss or gain from investments and derivatives for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Fair value gains/(losses) on investment securities and related funding	(56.1)	0.9	27.1
Fair value (losses)/gains on derivative financial instruments	(12.5)	(10.4)	3.3
Dividend income	3.9	10.9	8.3
Total net (loss)/gain from investments and derivatives	**(64.7)**	**1.4**	**38.7**

The total net loss from investments and derivatives in 2011 in part reflected a reduction in the fair value of the Group's investment securities, including in particular the MENA Opportunities Fund, and in part reflected the disposal of part of the Group's investment in Dubai Aerospace Enterprise Limited ("**DAE**"). As a result of the disposal, DAE ceased to be an associate and the Group's remaining 17.04 per cent. investment in DAE was recorded as a financial asset at fair value through other comprehensive income. This change resulted in a U.S.$31.2 million loss on investment securities

reflecting the fact that both the difference between the fair value of the Group's remaining investment in DAE and its carrying value (which was U.S.$29.6 million) and the amount previously recorded in equity when DAE was an associate (which was U.S.$1.6 million) were charged to the income statement in connection with the disposal. In 2011, the Group had entered into certain equity derivative contracts relating to a proposed strategic investment and these derivative contracts, which were all terminated in 2011, generated fair value losses.

In 2012, the Group recorded a U.S.$1.4 million total net gain from investments and derivatives. By contrast with 2011, the Group recorded a U.S.$0.9 million net gain on investment securities, principally due to the fact that there were no significant loss generating disposals and the Group recorded a small (U.S.$6.6 million) gain on the disposal of an investment in a fund to a related party in settlement of a debt owed to that related party. In 2012, the Group entered into a derivatives contract to hedge its borrowing under the syndicated loan, as required by the terms of that loan. The losses on this contract principally reflected the difference between market rates and the hedged interest rates. In addition, in 2012 the Group's dividend income increased by U.S.$7.0 million, reflecting increased dividends from certain of its investments.

In 2013, the Group's U.S.$38.7 million total net gain from investments and derivatives was driven by a U.S.$27.1 million gain on investment securities, principally reflecting an improvement in the net asset value of the MENA Opportunities Fund, and a U.S.$3.3 million fair value gain on derivative financial instruments compared to a U.S.$10.4 million loss in 2012. This change in fair value principally reflected favourable market conditions.

Finance cost–net

The table below shows the breakdown of the Group's net finance expenses for each of 2011, 2012 and 2013.

	2011	**2012**	**2013**
		(U.S.$ million)	
Finance income	6.4	1.3	1.5
Finance cost	(62.3)	(154.4)	(108.9)
Net finance cost	**(55.9)**	**(153.1)**	**(107.4)**

See "*Principal factors affecting the Group's results of operations—Continuing effect of historic property market and economic conditions*" above for an explanation of the reasons for these trends in net finance cost.

Other factors

In 2011, the Group's share of the results of its equity accounted associates and joint ventures was U.S.$35.0 million compared to a loss of U.S.$0.7 million in 2012 and a loss of U.S.$0.3 million in 2013. The Group currently has a single equity accounted investment. During 2013, another equity accounted investment was liquidated and, in 2011, the Group sold all of its investment in an equity accounted investment, sold part of its investment in DAE resulting in that company ceasing to be equity accounted and transferred its investment in a third equity accounted investment to assets held for sale. The principal reason for the significant change in the Group's share of the results of its equity accounted associates and joint ventures in 2012 was the sale of part of its investment in DAE in 2011 which resulted in DAE ceasing to be equity accounted.

Profit for the year from continuing operations

Reflecting the above factors and an insignificant tax charge on certain of the Group's foreign operations in each year, the Group recorded a profit from continuing operations of U.S.$189.3 million in 2011 compared to U.S.$216.7 million in 2012 and U.S.$203.8 million in 2013.

Discontinued operations

In 2011, the Group had four assets held for sale. The sale of three of these assets, D-Clear Europe Limited ("**D-Clear**"), Aptec Holdings Limited ("**Aptec**") and Despec International FZCO ("**Despec**"), was completed in 2012. The sale of the remaining asset, Villa Moda Lifestyle Company K.S.C (closed) ("**Villa Moda**"), was not achieved as a result of unforeseen circumstances. In 2009, the Group impaired, in full, its investment in Villa Moda and, in 2012, a liquidator was appointed in respect of

Villa Moda by the court. Reflecting these developments, the Group's loss from discontinued operations was U.S.$58.7 million in 2011 (of which U.S.$3.8 million was the loss on disposal of Despec) and U.S.$75.1 million in 2012 (of which U.S.$72.9 million was the loss on disposal of D-Clear and Aptec).

Net profit for the year

Reflecting the above factors, the Group recorded a net profit for 2011 of U.S.$130.5 million compared to U.S.$141.6 million in 2012 and U.S.$203.8 million in 2013.

Comprehensive income for the year

The table below shows the breakdown of the Group's total comprehensive (loss)/income for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Net profit for the year	130.5	141.6	203.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Reserves transferred to consolidated income statement on disposal of subsidiary	7.3	80.5	—
Share of fair value reserve of associate	0.3	—	—
Transfer of share of reserves of an associate to consolidated income statement upon its deemed disposal	1.6	—	—
Currency translation movement	(4.5)	(2.3)	(0.5)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**4.7**	**78.2**	**(0.5)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Change in the fair value of financial assets at fair value through other comprehensive income	(121.7)	3.2	(2.5)
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(121.7)**	**3.2**	**(2.5)**
Other comprehensive (loss)/income for the year	(117.0)	81.4	(3.0)
Total comprehensive income for the year	**13.6**	**223.1**	**200.7**

The Group's other comprehensive loss for 2011 was U.S.$117.0 million compared to other comprehensive income in 2012 of U.S.$81.4 million and other comprehensive loss in 2013 of U.S.$3.0 million. The other comprehensive loss in 2011 principally resulted from negative fair value changes in financial assets at fair value through other comprehensive income and mainly related to the Group's investment in Borse Dubai. The other comprehensive income in 2012 was driven by the disposal of a subsidiary (SmartStream) and a transfer of the reserves of DAE and Borse Dubai to the consolidated income statement on their respective disposals.

Liquidity and Capital Resources

Overview

The Group's principal cash requirement in each period under review has been to service its outstanding debt. The Group's principal sources of cash for this purpose have been the cash generated by its operations and new borrowings as well as cash generated from the sale of assets.

The Group has not incurred any material capital expenditure in the periods under review, although it expects to incur such expenditure in coming years as it begins to develop some of the remaining plots of land held by it within the DIFC.

Cash flow

The tables below summarise the Group's cash flow from operating activities, investing activities and financing activities for each of the six month periods ended 30 June 2013 and 30 June 2014 and for each of 2011, 2012 and 2013.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Net cash from operating activities	83.5	89.7
Net cash generated from investing activities	17.7	75.6
Net cash used in financing activities	(92.2)	(150.3)
Cash and cash equivalents at the beginning of the period	84.9	87.5
Cash and cash equivalents at the end of the period	93.9	102.5

	2011	**2012**	**2013**
		(U.S.$ million)	
Net cash from operating activities	89.4	171.1	142.7
Net cash generated from investing activities	84.3	274.1	80.8
Net cash used in financing activities	(379.9)	(493.9)	(220.9)
Cash and cash equivalents at the beginning of the year	339.8	133.6	84.9
Cash and cash equivalents at the end of the year	133.6	84.9	87.5

Operating cash flow

Net cash from operating activities in the six months ended 30 June 2013 was U.S.$83.5 million compared to U.S.$89.7 million in the corresponding period of 2014. In each period, the Group's operating cash flow principally reflected its net profit from continuing operations adjusted to remove the effect of fair value gains on its investment properties and to add back accrued but unpaid finance cost (which principally relates to the Government loans, see "*Borrowings*" below). In addition, in each of period, changes in trade and other payables and other liabilities also significantly impacted the Group's operating cash flows.

Net cash from operating activities in 2011 was U.S.$89.4 million compared to U.S.$171.1 million in 2012 and U.S.$142.7 million in 2013. In each year, the Group's operating cash flow principally reflected its net profit from continuing operations adjusted to remove the effect of fair value gains on its investment properties and certain investments and to add back accrued but unpaid finance cost (which principally relates to the Government loans, see "*Borrowings*" below). In addition, in each of 2011 and 2012, the Group made certain significant positive adjustments. In 2011, the adjustment reflected an impairment provision in respect of certain equity accounted investments and, in 2012, it reflected the loss recorded on the sale of an investment.

Investing cash flow

Net cash from investing activities in the six months ended 30 June 2013 was U.S.$17.7 million compared to U.S.$75.6 million in the corresponding period of 2014. In the 2013 period, the Group's investing cash flow principally reflected net cash received on the disposal of Despec, a subsidiary, and a dividend payment from the New Horizon Fund. In the 2014 period, the Group's investing cash flow principally reflected net cash generated from the divestment of its investment in the MENA Opportunities Fund.

Net cash from investing activities in 2011 was U.S.$84.3 million compared to U.S.$274.1 million in 2012 and U.S.$80.8 million in 2013. In 2011 and 2013, the Group's investing cash flow principally reflected net cash generated from the divestment of equity accounted and other investments. In 2012, the Group's investing cash flow principally reflected the proceeds received from asset disposals, including in particular the sale of D-Clear which generated cash proceeds of U.S.$250.0 million.

Financing cash flow

Net cash used in financing activities in the six months ended 30 June 2013 was U.S.$92.2 million compared to U.S.$150.3 million in the corresponding period of 2014. In both periods, the Group's financing cash flow comprised the repayment of debt and financing costs paid on outstanding debt.

Net cash used in financing activities in 2011 was U.S.$379.9 million compared to U.S.$493.9 million in 2012 and U.S.$220.9 million in 2013. In 2011, the Group's financing cash flow comprised the repayment of debt and the financing costs paid on outstanding debt. In 2012, the Group's financing cash flow comprised the repayment of debt, including an outstanding sukuk issue, and the financing costs paid on outstanding debt, net of the proceeds of a new syndicated bank loan raised. In 2013, the Group's financing cash flow principally comprised the repayment of debt and the financing costs paid on outstanding debt.

Borrowings

At 30 June 2014, the Group's outstanding debt comprised:

- a U.S.$500 million loan advanced by Investment Corporation of Dubai ("**ICD**") in November 2008, of which U.S.$168 million was outstanding;
- a U.S.$500 million loan advanced by the Dubai Financial Support Fund (the "**DFSF**") in 2009, all of which was outstanding; and
- a U.S.$1,035 million syndicated loan, of which U.S.$667 million was outstanding.

Each of these borrowings is described further below.

ICD and DFSF loans

Reflecting the impact of the significant downturn in the property market in Dubai from the end of 2007 and the subsequent global financial crisis, the Group sought financial assistance from the Government. In November 2008, the ICD, which is wholly-owned by the Government, made a U.S.$500 million loan to the Group on terms that it would be repaid in two equal instalments in May 2012 and May 2013. The loan carried interest at 6.45 per cent. per annum.

The U.S.$500 million DFSF loan was advanced to the Group in February 2009 on terms that it would be repaid in a single instalment in December 2013. The loan also carried interest at 6.45 per cent. per annum.

During 2010, the Group entered into rescheduling discussions with ICD and the DFSF. The outcome of these discussions was that the maturity of the ICD loan was extended to April 2014 and all interest on the ICD loan was also deferred until that date. In addition, the maturity of the DFSF loan was extended until December 2013, although interest remained payable on a quarterly basis on that loan.

Further, to facilitate the Group's entry into the syndicated loan, the maturity of the DFSF loan was extended again, up to February 2016 and subordination agreements were signed for both loans under which the lenders agreed that no payment of principal or interest would be required to be made until the syndicated facility was repaid in full. Interest on both loans continues to accrue however.

During 2012 and 2013, the ICD loan was partially settled through the transfer of certain investments, including the Group's 17.04 per cent. stake in DAE, its investment in Borse Dubai, its investment in the Infrastructure Growth Capital Fund and its investment in Abraj Capital Holding Limited, to the ICD. On 2 September 2014, the ICD loan was repaid in full, see "*Recent developments*" above.

The DFSF loan does not contain any financial or other covenants that could restrict the Group's ability to carry on its business. In addition, the DFSF loan does not contain any provisions which could result in the amount of principal or interest payable varying by reference to factors outside the Group's control.

The syndicated loan

The Group entered into the U.S.$1,035 million syndicated loan in June 2012, principally in order to help fund the repayment of its U.S.$1,250 million sukuk which matured and was repaid in full in June 2012. The syndicated loan was advanced in two tranches, denominated in U.S. dollars and dirham, respectively. Each tranche bears interest at a benchmark (three month LIBOR and three month EIBOR, respectively) plus a margin of 3.8 per cent. With the agreement of the syndicated lenders, the margin was reduced to 2.8 per cent. in January 2014. The loan is repayable in annual instalments until June 2017, although it is intended that the loan will be repaid early using part of the proceeds of the issue of the Certificates. The syndicated loan is secured on substantially all of the Group's assets and contains a cash sweep mechanism as well as a number of financial covenants.

The Group currently has no committed but undrawn facilities in place.

Capital expenditure and other commitments

The Group has not incurred any significant capital expenditure in any of the periods under review. However, the Group expects to incur capital expenditure in future periods in connection with its plans to develop certain plots owned by it within the DIFC. The Group has not yet finalised its development plans or incurred any capital expenditure commitments in relation to these plots. The proposed developments are currently expected to be financed using part of the proceeds of the Certificates and the proceeds of sales of certain non-core investment assets.

As at 31 December 2013, the Group had investment commitments of U.S.$0.9 million. It also has a provision related to a claim made against it by a third party in connection with an infrastructure development which is currently under negotiation, see note 22.2 to the 2013 Group Financial Statements.

As at 30 June 2014, the Group had investment commitments of U.S.$0.8 million. It also has a provision related to a claim made against it by a third party in connection with an infrastructure development which is currently under negotiation, see note 13.2 to the Interim Financial Statements.

Analysis of certain statement of financial position items

Assets

Excluding assets held for sale, the Group's principal assets are its investment properties and investment securities which together comprised 90.8 per cent of its total assets at 31 December 2011, 93.8 per cent of its total assets at 31 December 2012, 94.5 per cent of its total assets at 31 December 2013 and 94 per cent of its total assets at 30 June 2014.

Investment properties

The table below shows the Group's investment properties at 31 December in each of 2011, 2012 and 2013 and as at 30 June 2014.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
		(U.S.$ million)		
Investment properties	1,847.6	2,118.6	2,313.9	2,438.8

The principal driver of the increase in the Group's investment property portfolio since 31 December 2011 has been fair value gains, which amounted to U.S.$180.8 million in 2011, U.S.$278.1 million in 2012, U.S.$230.8 million in 2013 and U.S.$123.9 million in the six months to 30 June 2014. These increases in fair value are discussed under "*Results of operations of the Group—Comparison of 2011, 2012 and 2013—Other items of operating income and expense—Fair value gains on investment properties*" and "*Results of operations of the Group—Comparison of the six month periods ended 30 June 2013 and 30 June 2014—Other items of operating income and expense—Fair value gains on investment properties*" above. Other changes have included minor additions to the portfolio, a small disposal in 2012 and a reversal of certain outstanding historic construction accruals in 2013.

Investment securities

The table below shows the Group's investment securities at 31 December in each of 2011, 2012 and 2013 and as at 30 June 2014.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(U.S.$ million)			
Equity securities at fair value through other comprehensive income	483.5	252.0	171.2	151.2
Investment securities at fair value through profit and loss	276.3	149.7	115.1	43.8
Equities	16.9	16.7	14.4	9.4
Funds	259.4	133.0	100.7	34.4
Total investment securities	**759.8**	**401.7**	**286.2**	**194.9**

The Group measures the fair value of its investment securities on the assumption that each security is sold in its principal market or, if none, in the most advantageous market. The investment securities are classified within three fair value levels as follows:

- level 1: there are quoted (unadjusted) market prices for the security in an active market;
- level 2: there are directly or indirectly observable valuation techniques for the security; and
- level 3: there are no observable valuation techniques for the security.

All of the Group's fund investments are fair valued using level 2 techniques whilst its equity investments are classified in all three fair value levels. The table below shows the Group's investment securities by fair value classification at 31 December in each of 2011, 2012 and 2013 and as at 30 June 2014.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(U.S.$ million)			
Equities (level 1)	1.6	1.8	0.5	0.7
Equities (level 2)	419.8	14.9	13.9	8.7
Equities (level 3)	79.1	252.0	171.2	151.2
Funds (all level 2)	259.4	133.0	100.7	34.4
Total investment securities	**759.8**	**401.7**	**286.2**	**194.9**

In 2013, the Group reclassified certain equity securities previously held as level 2 securities to level 3 securities.

The Group has reduced its investment securities portfolio significantly since 31 December 2011. A significant part of the reduction was due to the fact that the Group sold certain interests in funds and FVTOCI equity securities to ICD in 2012 and 2013 against the reduction of the debt owed to ICD, see "*Liquidity and capital resources—Borrowings*" above. In addition, in 2013 the Group sold 50 per cent. of its holding in the MENA Opportunities Fund and, in the six months ended 30 June 2014, the Group sold its investment in the MENA Opportunities Fund.

Liabilities

The Group's principal liabilities are its borrowings, which are discussed under "*Liquidity and capital resources—Borrowings*" above. The Group's borrowings amounted to 83.5 per cent. of its total liabilities at 31 December 2011, 78.4 per cent. of its total liabilities at 31 December 2012, 72.6 per cent. of its total liabilities at 31 December 2013 and 67.9 per cent. of its total liabilities at 30 June 2014.

Equity

The Group's equity principally comprises its share capital and retained earnings. The Group's share capital consists of 200 million ordinary shares of U.S.$1 each, and has not changed since 31 December 2011. The Group's retained earnings amounted to U.S.$532.8 million at 31 December 2011. At 31 December 2012, the Group's retained earnings were slightly lower, at U.S.$513.5 million, reflecting the fact that its profit for the year transferred to retained earnings was more than offset by the transfer of U.S.$159.9 million of negative fair value reserves on the disposal of its interests in DAE and Borse Dubai to ICD in partial settlement of the ICD loan. At 31 December 2013 and 30 June 2014, the Group's retained earnings were U.S.$752.0 million and U.S.$888.5 million, reflecting the transfer to retained earnings of the Group's profit in 2013 and the six months to 30 June 2014, respectively.

Related Party Transactions

The Company's principal related party transactions are with the Government, its associated entities and its key management personnel and entities controlled or significantly influenced by any of them. These transactions principally comprise the Government loans discussed under "*Liquidity and capital resources—Borrowings*" above and the asset transfers made in partial settlement of those loans, see notes 1, 4, 8, 13, 17 and 23 to the 2013 Group Financial Statements. Further information on the Group's related party transactions in 2013 is set out in note 23 to the 2013 Group Financial Statements. See also notes 11 and 14 to the Interim Financial Statements.

Significant Accounting Policies

The Group Financial Statements have been prepared in accordance with IFRS. For a discussion of the accounting policies applied by the Group generally, see note 3 to the Group Annual Financial Statements.

Critical accounting judgments and key sources of estimation uncertainty

In preparing the Group's financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. For a discussion of the most significant accounting estimates, judgments and assumptions made in the preparation of the Group Financial Statements, see note 2 to the Group Annual Financial Statements.

Disclosures about risk

The Group is exposed to a number of risks and takes steps to mitigate certain of these risks as described in note 24 to the 2013 Group Financial Statements.

Results of operations and cash flows of RoRP

RoRP does not provide any guarantee or other legally enforceable credit support to the Certificates. However, RoRP generates revenue and cash flow and this summary of its results of operations and cash flows has been included in light of the fact that all cash generated by RoRP is transferred to the Group.

Comparison of the six month periods ended 30 June 2013 and 30 June 2014

Statement of comprehensive income

The table below shows RoRP's statement of comprehensive income for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	2014
	(U.S.$ million)	
Fee income	17.6	25.8
General and administration expenses	(0.4)	(0.4)
Net profit for the period	**17.2**	**25.4**

Fee income

RoRP generates fee income through the registration of properties within the DIFC.

RoRP's fee income grew by 46.7 per cent., or U.S.$8.2 million, in the six months ended 30 June 2014 compared to the corresponding period of 2013. RoRP has no established trend of fee income as the fees typically depends on the number and size of land and property registrations in each year.

General and administration expenses

RoRP's principal general and administration expenses are the shared services costs charged by the DIFC Authority for the information technology, human resources and finance services it provides to RoRP and RoRP's own staff costs and depreciation expense on its property and equipment. RoRP's general and administration expenses remained constant across the two interim periods.

Net profit for the period

Reflecting the above factors, RoRP's net profit for the six months ended 30 June 2013 amounted to U.S.$17.2 million compared to U.S.$25.4 million for the six months ended 30 June 2014. RoRP had no other comprehensive income in either period.

Cash flows

The table below summarises RoRP's statement of cash flows for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	2014
	(U.S.$ million)	
Net cash generated from operating activities before working capital changes	17.2	25.4
Working capital changes	(14.7)	(16.8)
Net cash generated from operating activities after working capital changes	2.5	8.6
Cash and cash equivalents at the beginning of the period	1.2	0.9
Cash and cash equivalents at the end of the period	3.7	9.4

RoRP's cash flow from operating activities before working capital changes reflect its profit for the period. The working capital changes are principally changes in the amounts owed to RoRP by the Company as a result of the fact that all cash generated by RoRP is regularly transferred to the Company. RoRP conducted no investing or financing activity over either period.

Comparison of 2011, 2012 and 2013

Statement of comprehensive income

The table below shows RoRP's statement of comprehensive income for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Fee income	16.2	27.0	27.1
General and administration expenses	(0.7)	(0.7)	(0.8)
Net profit for the period	**15.5**	**26.3**	**26.3**

Fee income

RoRP's fee income grew by 66.9 per cent., or U.S.$10.8 million, in 2012 and by 0.2 per cent. in 2013. RoRP has no established trend of fee income as the fees typically depends on the number and size of land and property registrations in each year.

General and administration expenses

RoRP's general and administration expenses grew by 0.1 per cent in 2012 and by 11.5 per cent. in 2013. In 2012, a U.S.$29,746 increase in staff costs as a result of annual pay increases was almost completely offset by falls in all other categories of expense. In 2013, the increase was driven by a 10.8 per cent., or U.S.$58,589, increase in shared services costs as a result of increased DIFC Authority charges and, to a lesser extent, by a 14.9 per cent., or U.S.$23,547, increase in staff costs, reflecting annual pay increases.

Net profit for the year

Reflecting the above factors, RoRP's net profit for 2011 amounted to U.S.$15.5 million compared to U.S.$26.3 million in each of 2012 and 2013. RoRP had no other comprehensive income any of the three years.

Cash flows

The table below summarises RoRP's statement of cash flows for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Net cash generated from operating activities before working capital changes	15.5	26.3	26.3
Working capital changes	(7.0)	(30.6)	(26.6)
Net cash generated from/(used in) operating activities after working capital changes	8.5	(4.3)	(0.3)
Cash used in financing activities	(4.0)	—	—
Cash and cash equivalents at the beginning of the period	0.9	5.4	1.2
Cash and cash equivalents at the end of the period	5.4	1.2	0.9

RoRP conducted no investing activity over any of the three years.

RoRP's cash flow from operating activities before working capital changes principally reflects its profit for the year. The working capital changes are principally changes in the amounts owed to RoRP by the Company as a result of the fact that all cash generated by RoRP is regularly transferred to the Company and to a significantly lesser extent changes in trade and other payables.

In each of 2011, 2012 and 2013, RoRP, as a Government agency, declared dividends to the Government of U.S.$8.0 million, U.S.$30.2 million and U.S.$36.2 million, although the Government has generally directed RoRP to remit the dividends to the Company and the DIFC Authority and, as a result, the amounts directed to be remitted to the Company have generally been settled by offsetting them against the amounts owed by the Company to RoRP as a result of the cash transfers described above.

Results of operations and cash flows of RoC

RoC does not provide any guarantee or other legally enforceable credit support to the Certificates. However, RoC generates revenue and cash flow and this summary of its results of operations and cash flows has been included in light of the fact that all cash generated by RoC is transferred to the Group.

Comparison of the six month periods ended 30 June 2013 and 30 June 2014

Statement of comprehensive income

The table below shows RoC's statement of comprehensive income for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Fee income	6.5	7.1
General and administration expenses	(0.4)	(0.4)
Net profit for the period	**6.1**	**6.7**

Fee income

RoC generates fee income through the registration of companies operating in the DIFC.

RoC's fee income grew by U.S.$0.6 million, or 9.2 per cent., in the six months ended 30 June 2014 compared to the corresponding period of 2013. This growth principally reflected an increase in the number of companies operating in the DIFC.

General and administration expenses

RoC's principal general and administration expenses are the shared services costs charged by the DIFC Authority for the information technology, human resources and finance services it provides to RoRP and RoC's own staff costs and depreciation expense on its property and equipment. RoC's general and administration expenses remained constant across the two interim periods.

Net profit for the period

Reflecting the above factors, RoC's net profit for the six months ended 30 June 2013 amounted to U.S.$6.1 million compared to U.S.$6.7 million for the six months ended 30 June 2014. RoC had no other comprehensive income in either period.

Cash flows

The table below summarises RoC's statement of cash flows for each of the six month periods ended 30 June 2013 and 30 June 2014.

	Six months ended 30 June	
	2013	**2014**
	(U.S.$ million)	
Net cash generated from operating activities before working capital changes	6.1	6.7
Working capital changes	(6.2)	(6.8)
Net cash used in operating activities after working capital changes	(0.1)	(0.1)
Cash and cash equivalents at the beginning of the period	0.5	0.5
Cash and cash equivalents at the end of the period	0.4	0.4

RoC's cash flow from operating activities before working capital changes principally reflects its profit for the period. The working capital changes are principally changes in amounts owed to RoC by the Company as a result of the fact that all cash generated by RoC is regularly transferred to the Company. RoC conducted no investing or financing activity over either period.

Comparison of 2011, 2012 and 2013

Statement of comprehensive income

The table below shows RoC's statement of comprehensive income for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Fee income	10.0	11.5	12.8
General and administration expenses	(0.8)	(0.9)	(0.9)
Net profit for the period	**9.2**	**10.7**	**11.9**

Fee income

RoC's fee income grew by 14.8 per cent. in 2012 and by 11.1 per cent. in 2013. In each case, the growth principally reflected increases in the number of companies operating in the DIFC.

General and administration expenses

RoC's general and administration expenses grew by 5.8 per cent in 2012 and by 6.8 per cent. in 2013. In 2012, the growth was driven by a 20.7 per cent., or U.S.$46,032, increase in staff costs and reflected annual pay rises. In 2013, the increase was driven by an 11.3 per cent., or U.S.$59,807, increased in shared services costs as a result of increased DIFC Authority charges and, to a lesser extent, by a 5.6 per cent., or U.S.$14,917, increase in staff costs, reflecting annual pay rises.

Net profit for the year

Reflecting the above factors, RoC's net profit for 2011 amounted to U.S.$9.2 million compared to U.S.$10.7 million in 2012 and U.S.$11.9 million in 2013. RoC had no other comprehensive income any of the three years.

Cash flows

The table below summarises RoC's statement of cash flows for each of 2011, 2012 and 2013.

	2011	2012	2013
		(U.S.$ million)	
Net cash generated from operating activities before working capital changes	9.2	10.7	11.9
Working capital changes	0.2	(18.3)	(11.9)
Net cash generated from/(used in) operating activities after working capital changes	9.5	(7.6)	(0)
Cash used in financing activities	(3.5)	—	—
Cash and cash equivalents at the beginning of the period	2.1	8.1	0.5
Cash and cash equivalents at the end of the period	8.1	0.5	0.5

RoC conducted no investing activity over any of the three years.

RoC's cash flow from operating activities before working capital changes principally reflects its profit for the year. The working capital changes are principally changes in amounts owed to RoC by the Company as a result of the fact that all cash generated by RoC is regularly transferred to the Company and, except in 2011, to a significantly lesser extent changes in trade and other payables.

In each of 2011, 2012 and 2013, RoC, as a Government agency, declared dividends to the Government of U.S.$7.5 million, U.S.$12.6 million and U.S.$11.7 million, although the Government has generally directed RoC to remit the dividends to the Company and the DIFC Authority and, as a result, the amounts directed to be remitted to the Company have generally been settled by offsetting them against the amounts owed by the Company to RoC as a result of the cash transfers described above.

DESCRIPTION OF THE GROUP

OVERVIEW

The Company was formally incorporated on 22 May 2006 (although it had carried on limited activities before that date as a company under formation) as a wholly owned subsidiary of DIFC Authority, although it is held by the DIFC Authority for the benefit of the Government and therefore is not consolidated in the financial statements of the DIFC Authority. The Company was established under the DIFC Companies Law as a limited liability company pursuant to a directive of the President of DIFC issued under Articles 6(2), 6(4)(i), (m) and 6(6)(g) of the Emirate of Dubai Law 9 of 2004 ("**Dubai Law 9**").

The Company was established to carry on all of the commercial activities previously undertaken by the DIFC Authority and, following its incorporation, received from the DIFC Authority substantial assets and liabilities, including ownership of all properties owned or under construction by the DIFC Authority. The Group's activities include:

- the creation of the DIFC infrastructure, which it does both through developing certain plots itself and through the sale of plots to third party developers to develop within the DIFC master plan for which the Group is responsible. The Group is also responsible for the development and maintenance of all common parts of the DIFC;
- the operation and management of any strategic investments or alliances intended to further the goals and objectives of the DIFC;
- proposing to the President of the DIFC any legislation not central to public administration duties (which are defined by law and principally comprise the incorporation, registration and licensing of entities to operate in the DIFC, the issue and enforcement of municipal regulations governing the conduct of commercial operations in the DIFC, the registration of property and security interests, the development and promotion of financial services and the proposal of laws to the Ruler of Dubai concerning these matters); and
- exercising the powers and authorities of the DIFC Authority as related to any matters other than public administration duties.

The Company has no obligation to pay dividends to its shareholder, although it has in the past paid dividends and may do so again in the future.

The Group acts as the master developer of the DIFC. The DIFC comprises 110 acres of land that were granted by the Government in 2005, with net development land of approximately 4.3 million square feet. The Company has retained ownership of approximately 2.4 million square feet, or 56 per cent. of the total net development land and has sold the balance to third parties. Of the net development land owned by the Company, approximately 891 thousand square feet (645 thousand square feet in the Gate District and 246 thousand square feet in the Gate Village) has been developed and comprises 1.6 million square feet of office and retail space. The remaining development land, of approximately 1.5 million square feet, is available for future development or sale.

The 1.6 million square feet of leasable office and retail space owned by the Group comprises two developments:

- The Gate Building and related Gate Precinct (buildings 2 through 5), which were completed in 2005; and
- Gate Village (buildings 1 through 8 and 10), which was completed in 2008.

As at 30 June 2014, the occupancy rate in these Group assets was 99.3 per cent.

In the six months ended 30 June 2014, the Group's revenue from leasing and sales of investment property and related fee and other income amounted to U.S.$89.5 million compared to U.S.$95.7 million in the corresponding period of 2013 and its net profit for each period was U.S.$137 million and U.S.$94.7 million, respectively. In 2013 and 2012, the Group's revenue and related fee income amounted to U.S.$186.7 million and U.S.$174.1 million, respectively, and its net profit for each year was U.S.$203.8 million and U.S.$141.6 million, respectively. As at 30 June 2014, the Group had total assets of U.S.$2,872.8 million, of which 84.9 per cent. comprised its investment property portfolio.

The Company's registered office is located at Level 14, The Gate Building, DIFC and its telephone number is +971 4 362 2222.

THE GROUP'S STRATEGY AND STRENGTHS

Strategy

The vision for the DIFC is that, by 2021, it should become one of five leading global financial hubs. In order to achieve this vision, the focus is on establishing a deep presence of global and regional banks, insurers, private equity firms and other financial institutions, as well as legal and accounting firms, within the DIFC and positioning it as a key location for wealth managers and a major centre for relevant capital markets activity. In addition, the intention is to establish the DIFC as the leading hub for family offices, as a financial gateway to Africa and South Asia, as the leading location for the Middle East and Africa headquarters of multinational corporations and as the leading centre for Islamic finance.

The Company believes that the regulatory and judicial framework of the DIFC, its existing infrastructure and its growing brand awareness and marketing reach are critical foundations that underpin the achievement of the DIFC vision, and its strategy includes continuing to enhance each of these factors. In particular, the Company seeks to promote the DIFC as a whole (and not just its own properties) using a wide range of marketing tools such as attending global conferences, alliances with strategic partners and hosting government delegations.

Prior to the global financial crisis, the Group's strategy included investing in non-DIFC related assets and securities, however, in the period since the crisis, the Group has divested most of such investments, see "*Financial review—Analysis of certain statement of financial position items—Assets—Investment securities*", and has refocused its strategy on developing and managing real estate assets in the DIFC.

The strategy for the Group's remaining inventory of development sites is to develop projects and sell land for development across several phases so that there are sufficient business and residential premises to accommodate the continued growth of the DIFC but without creating oversupply. Management currently anticipates that these development sites will be sufficient to accommodate the future growth of the DIFC up to 2035.

With regard to its existing developed properties, the Group's strategy is to maintain and increase rental yields through proactive portfolio management. Its leasing teams have typically been able secure a high proportion of renewals on expiry (for example, 88 per cent. of leases which expired in 2013 were renewed) and also manage the Group's waiting list to minimise the periods for which properties are empty between tenancies. As at 30 June 2014, the Group had a waiting list of 30 potential tenants. In its office portfolio, the Group seeks to optimise the mix of office types to meet tenant demand and maintain maximum occupancy rates. For example, the Group has introduced prefabricated offices for tenants who are more cost conscious and seeking to avoid incurring significant office fit out capital expenditure and also provides space in business centres for companies that are waiting for larger offices to become available.

In the retail portfolio, the Group aims to increase revenue through:

- rent escalations, when considered appropriate, and the inclusion in new leases of turnover rents linked to the turnover of the relevant retail business;
- new community events and marketing to increase footfall which is expected to contribute to growth in retail turnover rents;
- pursuing opportunities to optimise the tenant mix by changing the use of some units, for example from lesser value showrooms to higher value fine dining restaurants; and
- the Group's commercialisation strategy, whereby it introduces kiosks into common areas and converts service areas into commercial spaces.

In all of its development and leasing activities, the Group has close regard to the vision for the DIFC set out above.

Strengths

The Group believes that it benefits from five major strengths:

Strong support from the Government

The Group believes that the DIFC is an asset which is both strategic and symbolically important to Dubai. It is the leading financial hub in the Middle East and an integral part of the Government's strategy to diversify the economy of Dubai. Based on the most recent Government statistical data in

2011, the DIFC contributed approximately 4 per cent. to Dubai's total GDP with the contribution of the financial services sector as a whole being around 12 per cent.

In addition, the Deputy Ruler of Dubai is both the President of the DIFC and the Chairman of the Higher Board and all the members of the Company's Board of Managers (the Board) are appointed by decree of the Ruler of Dubai. In addition, members of the Board have strong links to the Government and other Government-related entities, see "*Management and employees—Board of managers*".

In addition to providing the land on which the DIFC is located free of charge, the Government has also supported the Group through two separate financings of U.S.$500 million each in 2008 and 2009 and the subsequent restructuring of those financings during the period following the global financial crisis. To date, one of the financings has been fully repaid by DIFC through asset transfers and the maturity of the other financing has been extended to the maturity date of the Certificates. The remaining financing has also been subordinated to the Group's other debt to facilitate the raising of such debt.

Competitive positioning

The Group's key competitive advantages when seeking to lease space in the DIFC to international companies include:

- 100 per cent. foreign ownership is permitted, meaning that there is no requirement to enter into local joint ventures or other arrangements;
- there are no exchange controls, meaning that dividends and capital can be freely remitted;
- no tax is payable on profits made for at least the period to 2054, with the possibility that this period may be extended;
- tenants are offered assistance in procuring all relevant licences and registrations and the costs of operation in the DIFC are benchmarked to those of other leading financial centres;
- the Group has no land acquisition costs and pays no rent, making it more cost efficient;
- the DIFC is strategically located to fill the time zone gap between the east (Hong Kong and Tokyo) and the west (New York and London) and benefits from a legal framework based on English law; and
- the DIFC benefits from sound and sophisticated infrastructure, including an independent regulatory framework and judicial system, and, for expatriates working in the DIFC, a wide choice of residential educational and lifestyle amenities are available in Dubai.

In addition, the Group's existing properties are also competitive against other third party projects within the DIFC. The Gate, Gate Precinct and Gate Village buildings owned by the Group are considered to be the hub of the DIFC with a large number of leading companies and their senior management, amenities and services all located in close proximity. The Group's properties have enjoyed over 90 per cent. occupancy for a number of years, including at times where significant space at lower rentals has been available in competing third party properties such as Burj Daman, Emirates Financial Towers and Index Tower. Management believes that even as the DIFC district continues to evolve and grow, the Group's properties will retain their position as the prime location within the DIFC.

Growing recurring cash flow

The Group's lease revenues were U.S.$99.8 million in 2011, U.S.$101.8 million in 2012 and U.S.$106.2 million in 2013, based on high occupancy rates in both of its developed properties. Demand for leased space in the DIFC remains strong and the Group's contracted rental cash flows under existing leases are U.S.$94.4 million in 2014, U.S.$71.0 million in 2015 and U.S.$44.7 million in 2016.

The Group's standard lease tenor is for three years and the rental rates for all of these leases are fixed for the entire lease term. For longer leases, rent review clauses are generally included although the nature and timing of the reviews varies between leases. As a result, the Group is well placed to benefit from higher rentals when leases are renewed or properties are re-let on expiry of each lease term.

Management also believes that the diversity of its office tenants, who operate across a broad range of countries in the GCC region and beyond, should help to mitigate the impact of any future adverse

economic conditions in Dubai on its tenants. Further, it believes that the impact of any future economic downturn on its lease portfolio would be limited by the considerable capital investment required to relocate to new office premises. The capital expenditure required to fit out and equip a new shell and core office in Dubai is typically over U.S.$100 per square foot, an investment which management believes that many firms would be reluctant to undertake in a recession and which gives the existing landlord an economic advantage in securing a renewal in such conditions.

In addition, the cash flows generated by each of RoRP and RoC are regularly transferred to the Company to manage on behalf of those agencies. This cash does not belong to Company when transferred and is accounted for as a related party payable. In past years, each of RoRP and RoC, as a Government agency, has declared dividends to the Government. The Government has generally directed each of RoRP and RoC to remit the dividends to the Company and the DIFC Authority and, as a result, the amounts directed to be remitted to the Company have generally been settled by offsetting them against the amounts owed by the Company to each of RoRP and RoC as a result of the cash transfers described above. There is, however, no certainty that this practice will continue or that the Company will continue to benefit from these cash flows.

Favourable sector dynamics

Management believes that both the office and retail rental markets in Dubai are benefiting from strong economic fundamentals and increased business activity. In the medium term, both sectors are also expected to benefit from Expo 2020 which is expected to lead to an increase in new companies establishing a presence in Dubai as well as a significant increase in jobs.

According to independent property consultants' reports, DIFC's grade A offices command some of the highest rental rates in the Dubai office market and benefit from high occupancy levels reflecting their perceived quality, the fact that properties are let directly rather than through agents, the complementary asset classes offered such as retail, residential and hospitality, and their limited supply.

Experienced management team

The Company is managed by its Board which is appointed by, and is currently the same as, the Board of Directors of the DIFC Authority. The Chairman of the Board is responsible for directing the business activities of the Group.

Management believes that the fact that there is a single executive management team for the overall operation of the DIFC is a key strength of the Group, which is bolstered by the team's significant experience, see "*Management and employees*".

ACTIVITIES OF THE GROUP

Overview

The Group's principal activities include owning, developing and leasing and selling DIFC land and entering into strategic investments or alliances intended to further the goals and objectives of the DIFC.

Infrastructure

DIFC is a 110 acre (25.6 million square feet of mixed use gross floor area) free zone located close to Sheikh Zayed Road, one of the major thoroughfares in Dubai, and also accessible from Dubai Metro. Its remit is to create a leading global financial hub, capitalising on the strategic location of Dubai to fill the time-zone gap between Hong Kong and Singapore and London and New York.

All companies licensed by the DIFC Registrar of Companies are required to be located within the boundaries of DIFC. Office space in the DIFC is available in The Gate, Gate Precinct (Buildings 1-6) and Gate Village (Buildings 1-10), almost all of which is owned and leased by the Company, and also, in third party developed properties such as Liberty Tower, Currency House, Currency Tower, The Index, Emirates Financial Tower and Burj Daman.

The DIFC master plan, which incorporates a mixed use development consisting of office towers, residential towers and hotel properties, comprises the following eight districts, with the plot designations referred to being identified on the DIFC master plan below:

- Gate District (Plot GD-01) – The Gate (a single building owned by the Company with a net leasable area of 315,280 square feet) and six Gate Precinct buildings (four of which are owned by the Company and have an aggregate net leasable area of 553,742 square feet);

- Gate Village (Plots GV-01 and GV-02). Plot GV-01 has been developed by the Group and is currently known as Gate Village. It has 10 buildings, nine of which are owned by the Company and have an aggregate net leasable area of 746,797 square feet. The Group plans to start development of Plot GV-02 in early 2015;
- Gate Boulevard (Plots GB-01, GB-02 and GB-03/04);
- Centre District (Plot CD-01/02);
- Park Boulevard (Plots PB-01 and PB-02);
- Central Park District (Plots CP-01 to CP-06 and CP-08);
- Park Avenue District (Plots PA-01, PA-03/04, PA-05, PA-06 and PA-07(A)); and
- Retail Spine, which runs through the centre of Gate Boulevard, Centre District, Park Boulevard and Central Park District underneath the landscaped podium level. Retail Spine areas are identified on the DIFC master plan set out below by the designation "RM".

The Gate District and Gate Village are the only two districts to have been fully developed and are described further below. The land retained by the Group within the remaining districts is not yet developed.

The Gate District

The Gate was the first building to be completed in the DIFC. It is surrounded by the Gate Precinct, comprising six low-rise office buildings with three levels of basement car parking.

The Gate Precinct provides open spaces, gym facilities, cafes and restaurants in addition to a retail and commercial element. The scale of each precinct building is designed to complement The Gate building. Each is half the height of The Gate itself and the distance between them is the same as the height of The Gate building. This design element effectively extends the visual impact of The Gate to the surrounding Precinct. The Precinct buildings are inter-connected by a glass air-conditioned link that allows easy access from building to building and to the cafes, restaurants and terraces around the landscaped plaza.

The Gate and the Gate Precinct buildings are all owned by the Group, with the exception of Gate Precinct buildings 1 and 6. As at 31 December 2013, The Gate and the Gate Precinct buildings owned by the Group were valued by Colliers International (Colliers) at U.S.$913 million.

The Gate Village

The Gate Village is a mixed use development comprising office, residential and retail developments. It consists of 10 low rise towers over a common podium with five basement floors for parking. The entire project at podium level is designed as a village with streets, piazzas and a mix of narrow and wide alleyways. The Gate Village buildings are all owned by the Group, with the exception of Gate Village building 9. As at 31 December 2013, the Gate Village buildings owned by the Group were valued by Colliers at U.S.$588.7 million.

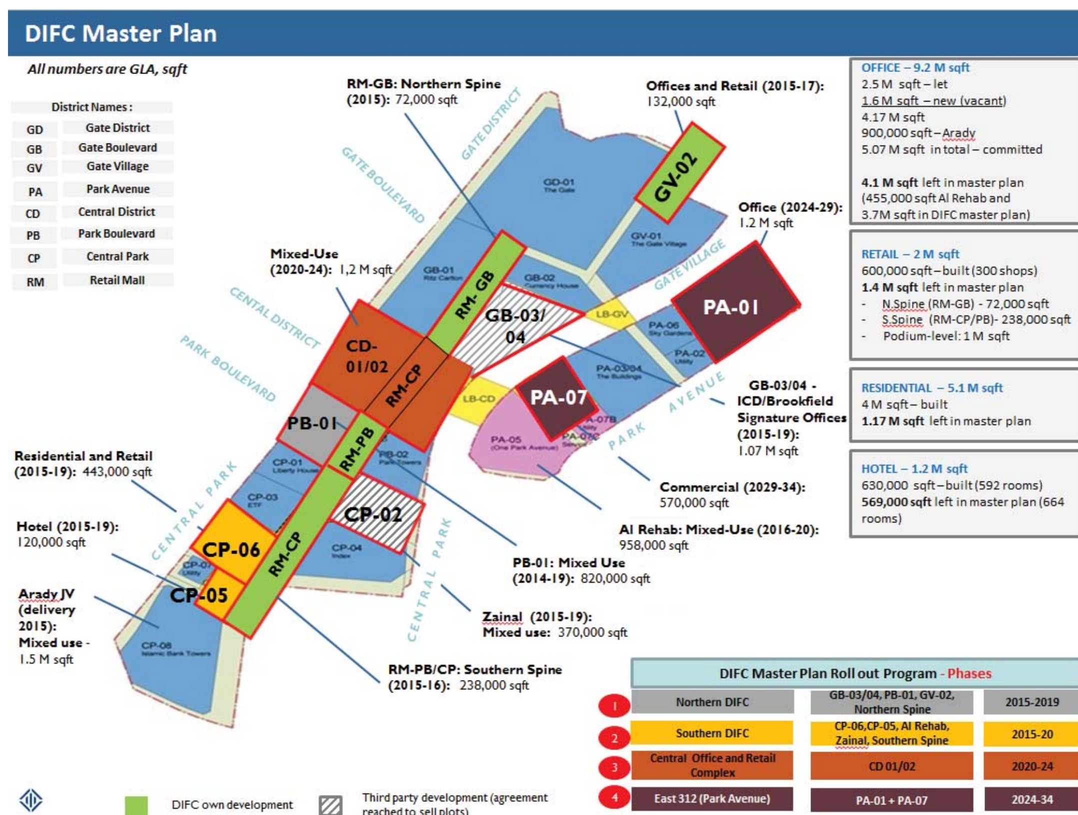
Future infrastructure development

Plot	Use	Site area	Gross floor area	Market value
		(*square feet*)	(*square feet*)	(*U.S.$ million*)
GV-02	Office/retail	29,896	162,934	15.4
CD-01/02, RM-CD	Office/retail/other	357,632	1,778,142	130.9
PB-01	Office/retail/hotel	148,128	1,171,070	91.9
CP-02[(1)]	Residential/retail	104,133	530,594	46.8
CP-05	Hotel/retail/other	24,192	172,000	12.2
CP-06	Residential/retail	94,050	632,862	50.5
PA-01	Office/retail	226,989	1,750,000	144.1
PA-07A	Office/retail	107,149	813,023	60.9
RM-GB	Retail	93,629	103,147	9.3
RM-PB	Retail	56,634	102,044	8.0
RM-CP	Retail	170,162	238,205	18.7
Total		**1,412,594**	**7,454,021**	**588.7**

Note:
(1) Initially planned to be developed in a joint venture with Zainal, but/subsequently agreed in principle to be sold to Zainal.

The Group has retained 11 plots of undeveloped land within the DIFC master plan. These plots are at various stages of development and disposal in accordance with the master plan development strategy approved by the Board. The table below shows for each plot the site area, the proposed use and gross floor area of the relevant development and the market value attributed to the plot by Colliers at 31 December 2013 based on the proposed development plan for the plot and permissible built up area.

The plan below shows the location of each existing and proposed development on the DIFC master plan together with the proposed timing of the relevant development.



The Group is currently expecting to break ground on two plots in early 2015. These are GV-02 and the Northern and Southern Spines shown in the diagram above. The net leasable area for GV-02 is expected to comprise approximately 109,000 square feet of office space and approximately 23,000 of retail space. The two retail spine areas are expected to add approximately 287,000 square feet of retail space. The construction of both developments is currently expected to take approximately three years. and to cost approximately U.S.$186 million, although no assurance is provided that this timetable or budget will be met or that the properties will be fully leased on or after completion, see generally "*Risk factors*". The developments are expected to be funded using part of the proceeds of the issue of the Certificates.

Project management

DIFC Properties, the division within the Company that is responsible for the development of the DIFC master plan, has a defined implementation strategy for the DIFC master plan, which has been approved by the Board. This strategy is driven by the growth needs of the DIFC for offices to accommodate both the expansion of existing companies and the entry of new companies, in addition to the need for retail, food and beverage, hotel and residential amenities to support this growth. Detailed research was conducted into these demand drivers when determining the DIFC master plan strategy, with factors such as existing waiting lists and DIFCA growth plans and projections being taken into account.

Individual business plans for each new development initiative are first conceived and evaluated by DIFC Properties' Development Committee before being recommended to the New Projects and Joint Venture Evaluation Committee of the Board, which in turn recommends them to the Board for final approval. When implementing projects, DIFC Properties typically contracts with leading project management companies with respect to the construction of buildings on plots owned by it within the DIFC. The oversight and liaison of the development projects is conducted by the project managers who report to the Project Development division within DIFC Properties which in turn reports to the Board through the CEO. DIFC Properties is also responsible for liaising with Dubai Electricity and Water Authority ("**DEWA**"), the Road Transport Authority and the Dubai Municipality to ensure that all utilities and transport links are available in the DIFC. Both of the Company's two completed development projects were completed within six months of the scheduled completion date and within budgeted costs.

Facilities management

The management of each completed building owned by the Group within the DIFC is controlled by the Properties Management division within DIFC Properties. DIFC Properties contracts out both security and facilities management to external specialist service providers and is responsible for coordinating and managing their activities after appointment. Currently, the facilities management contract is held by IDAMA Asset Management Holding ("**IDAMA**"), owned by Dubai Properties, a Dubai-based full service facilities management company. IDAMA provides facilities engineering services (engineering maintenance, specialist system maintenance and fit out services), facilities support services (cleaning, landscaping, waste management and pest control services and water features maintenance) and value added services (including help desks, health, safety & environment and event management services). The present contractor for security is Arkan Security Management. The overall security detail is also shared with and reviewed by the Group Security function of the Dubai Government, which works closely with the Property Management division.

Leasing activity

Current revenue generating projects

The Group has three current revenue generating projects, The Gate, Gate Precinct buildings 2 through 5 and Gate Village buildings 1 through 8 and 10. The table below shows the net leasable area for each project, the 2013 occupancy rate, the average remaining lease tenor, the mean revenue per square foot generated in the six months to 30 June 2014 and the percentage of the Group's total lease revenue generated by each project.

	The Gate	Gate Precinct	Gate Village
Net leasable area (*thousand square feet*)	315.2	553.7	746.8
Occupancy rate in 2013 (*per cent.*)	99.4%	98.6%	91.5%
Average remaining lease tenor (*years*)	1.8	3.0	2.2
Revenue/square foot in six months to 30 June 2014 (*U.S.$*)	73.6	69.2	59.5
Percentage of total lease revenue	23%	36%	41%

The table below shows the average occupancy rate and the average revenue per square foot across the Group's three current revenue generating projects for each of the years ended 31 December 2010 to 31 December 2013 and for the six months ended 30 June 2014.

	Year ended 31 December				Six months ended 30 June
	2010[1]	2011	2012	2013	2014
Average occupancy (%)	90.6	96.5	95.2	98.8	99.3
Average revenue per square foot (*U.S.$*)	76.0	65.2	66.4	66.4	67.8

Note:

(1) 2010 figures are for office space only. Figures for subsequent periods are for office and retail space.

The Group currently offers three types of office space:

- shell and core offices, where tenants have to invest in fitting out the leased space and, in consequence, generally seek longer lease terms. As at 30 June 2014, the Group had 240 tenants occupying approximately 1.3 million square feet of shell and core office space;
- prefabricated offices, where the Company provides a standardised fit out and, in consequence, generally charges a higher rental rate. As at 30 June 2014, the Group offered approximately 31,100 square feet of prefabricated office space in one Gate Village building and on a single floor in The Gate building; and
- business centre space, where the Company leases desks or small offices often to tenants who may be waiting for larger space to become available. As at 30 June 2014, the Group offered approximately 35,400 square feet of business space to around 140 clients.

Tenant mix

The Group's lease revenue is derived from office leases (which accounted for approximately 87 per cent. of total lease revenue in the six months to 30 June 2014) and leases of retail premises (which accounted for approximately 13 per cent. of total lease revenue in the six months to 30 June 2014). The Group's tenants are diversified across sector and the table below shows the distribution of the Group's total lease revenue in the six months to 30 June 2014 by the tenant's industry.

Industry of tenant	**Percentage of lease revenue in six months to 30 June 2014**
Financial services (excluding banks)	25
Banks (conventional and Islamic)	24
Legal firms	10
Food and beverage	9
Insurance	7
Accounting and consulting	3
Others	22
Total	**100**

The Group's tenants are diversified geographically, with the split having remained relatively constant over recent years. As at 30 June 2014, approximately 35 per cent. of financial services firms registered with the DIFC were European entities, approximately 30 per cent. were Middle Eastern or start-up ventures, approximately 14 per cent. were North American, approximately 12 per cent. were Asian and the balance were headquartered elsewhere in the world.

The Group does not believe that it has any significant tenant concentrations. The table below shows the Group's lease revenue, leased area, average rent and average remaining tenor by top tenants (categorised in terms of lease revenue).

	Revenue	**Area**	**Median rent**	**Average remaining tenor**
	(*per cent.*)	(*per cent.*)	(*U.S.$/sqf*)	(*years*)
Top 20 tenants	27.8	30.08	58	2.9
Top 100 tenants	69.8	69.4	71	2.3
Top 200 tenants	90.0	87.0	75	2.0
Top 300 tenants	99.0	95.0	76	2.0
All tenants	100.0	100.0	74	2.3

Within The Gate, the Group's largest tenant in terms of area leased accounted for only 2.0 per cent. of its total lease revenue in the first six months of 2014 and its five largest tenants, which accounted for 6.0 per cent. of the Group's overall leased area, accounted for 6.4 per cent. of its total lease revenue.

Within the Gate Precinct buildings owned by the Group, the Group's largest tenant in terms of area leased accounted for only 2.0 per cent. of its total lease revenue in the first six months of 2014 and its five largest tenants, which accounted for 9.2 per cent. of the Group's overall leased area, accounted for 8.8 per cent. of its total lease revenue.

Within the Gate Village buildings owned by the Group, the Group's largest tenant in terms of area leased accounted for only 1.6 per cent. of its total lease revenue in the first six months of 2014 and its five largest tenants, which accounted for 9.6 per cent. of the Group's overall leased area, accounted for 7.2 per cent. of its total lease revenue.

Rental policy

The Group's rental policy is to maintain its rents in line with those of other leading international financial centres whilst taking account of local competition from financial centres elsewhere in the MENA region. The Group's rental matrix is reviewed annually and new basic rents are set by reference to international benchmark rates which are reviewed annually. The basic rents were last increased in 2011. The Group's retail leases generally contain turnover rent provisions under which the rent payable is the higher of a fixed amount and an agreed percentage of the tenant's turnover. Leases with an initial term of four years or more generally contain rent review clauses.

The Group believes that it benefits from the fact that rental payments are made periodically (typically either semi-annually, every four months or quarterly) in advance by post-dated cheque and the failure to honour a cheque is a criminal offence in the UAE. It also takes security deposits equal to three months' rent at the start of each tenancy as well as, in the case of retail tenants, a guarantee equal to three months' rent against timely commencement of trading, and these amounts provide additional security for unpaid rents. The Group closely monitors the performance of its tenants and seeks to identify and manage potential defaulting tenants at the earliest possible stage.

The Group's properties are fully let and, as at 30 June 2014, it had a waiting list of 30 potential tenants. The Group conducts due diligence on all new tenants. For office tenants, the due diligence is primarily carried out by the business development team and regulators. If the entity is regulated and licensed by DFSA then no further due diligence is required. For non-regulated entities, the Group has an internal Registration Review Committee which looks at the applicant's business plan, past financial statements, liquidity strength, strategic fit with the DIFC's overall business strategy and client mix, among other matters, and advises the RoC on the viability of granting the entity a licence to operate in DIFC. In addition to this, for retail tenants the Group compiles specific information, such as the retailer's ownership and operator profile, concept, business plans and existence of other outlets, and passes this information to the Retail Registration Committee which determines whether or not to accept the retailer in the DIFC.

Lease terms

The lease terms granted by the Group typically range between three and six years for office leases and between one and three years for retail leases. The table below shows the distribution of the Group's total lease revenue in the six months to 30 June 2014 both by the original and the remaining lease tenor of the leases outstanding at 30 June 2014.

	Percentage of lease revenue in six months to 30 June 2014	
	Original tenor of lease	**Remaining tenor of lease**
<1 year	0.4	17.1
1 – 2 years	1.6	30.8
2 – 3 years	1.4	28.6
3 – 4 years	43.4	10.8
4 – 5 years	1.3	4.4
5 – 10 years	46.1	7.9
>10 years	5.8	0.4
Total	**100**	**100**

Overall the average original term of the Group's outstanding leases is 3.9 years whilst the average remaining tenor at 30 June 2014 is 2.3 years.

Early termination

The Group's tenants have the right to terminate their leases early on defined break dates. These are generally the expiry of any lock in period and, if later, the fifth and seventh anniversaries of the lease commencement date and at the end of each three year period following the seventh anniversary. The Group's tenants are required to give at least nine months' notice of any early termination, during

which period the full rental amount remains payable. If, at the end of the notice period, the Group has been unable to procure a replacement tenant, the terminating tenant is required to pay an additional amount equal to three months basic rent and service charge.

Other typical lease provisions

The Group has standard forms of retail and office lease, although the schedules to these standard forms, which contain commercial provisions such as the rent payable, the term, any rent free period, review dates and payment dates, vary depending on the type of tenant and its negotiating power.

The typical lease terms include:

- rent review provisions, which are applied or disapplied in the schedule;
- an option for the tenant to renew, subject to the Company's consent;
- the tenant's acceptance of the premises at the start of the term and a reinstatement obligation at the end of the term;
- the tenant's obligation to pay for utilities, such as electricity, water and sewerage, and to pay a separate service charge;
- the tenant's obligation to maintain all risks property insurance, third party liability insurance and any other insurance required by the Company; and
- an obligation on the tenant not to sublet, assign or otherwise alienate the premises without the Company's prior written consent.

INSURANCE

The Group has a number of insurance policies provided by major international insurance companies, including property all risks insurance which covers the cost of rebuilding damaged or destroyed properties (with exclusions relating to force majeure and acts of war), employers' liability insurance and accident insurance. The Group's property all risks insurance also covers lost lease revenue for up to two years. All policies are generally renewable annually and the Group believes that it has adequate insurance coverage. See "*Risk Factors — Hostilities, terrorist attacks and other acts of violence could adversely affect the regional financial markets and the DIFC*".

INVESTMENT ACTIVITY

Prior to the global financial crisis, the Group had invested in a number of strategic and opportunity-driven investments to support the development of the DIFC's soft infrastructure as well as to generate an income stream to fund its on-going development. In the period since the crisis, the Group has divested most of the investments made, with the principal remaining investments at 30 June 2014 comprising:

- a 5 per cent. equity shareholding in Etisalat Misr, an Egyptian mobile telecommunications operator, with an estimated value of approximately U.S.$150 million at 30 June 2014;
- an investment, valued at approximately U.S.$26 million at 30 June 2014, in New Horizon Capital L.P., a private equity fund focused on Chinese enterprises across various sectors; and
- an investment, valued at approximately U.S.$8.7 million at 30 June 2014, in Global MENA Financial Assets Ltd., an investment company focussed on financial sector assets predominantly in the MENA region (including Turkey).

The Group expects that these investments will be divested in the course of the next few years.

SUBSIDIARIES

As at 30 June 2014, the Company had 16 subsidiaries. However, none of the subsidiaries are material to the Group.

COMPETITION

Neighbouring countries in the Gulf region, principally Qatar, Bahrain and Saudi Arabia, and neighbouring Emirates such as Abu Dhabi are actively seeking to develop the financial services sector of their economies. Bahrain has had a relatively long established history of providing financial services, principally to the Saudi market. Qatar has developed a financial centre in Doha in order to develop this sector of its economy, in part to enable the efficient investment of its petrochemical

wealth. Abu Dhabi is also developing its financial services sector and Riyadh is seeking to establish itself as the financial centre for the Saudi economy.

However, the Group believes that the combination of:

- "first-mover" advantage, having been established for more than 10 years and with over 1,100 firms registered with the DIFC;
- the international rather than domestic focus of the DIFC;
- the legally distinct nature of the DIFC, with a separate legal and regulatory structure derived from certain principles of common law and international best practice aimed at ensuring maximum accountability and transparency and promoting high standards of corporate governance;
- ongoing support from the Government;
- 100 per cent. permitted foreign ownership;
- the well-developed infrastructure of the Emirate of Dubai itself;
- an attractive tax regime with no restrictions on foreign exchange or capital/profit repatriation;
- the availability of a large and skilled workforce;
- the history of long-term political stability in the UAE; and
- the attractive lifestyle available to expatriate workers (who are able to purchase their own houses)

has meant that most international financial institutions have elected and will continue to elect to establish their regional headquarters in Dubai and that, although other centres may be attractive to some participants in the financial services sector, the DIFC has achieved a critical mass upon which it will continue to grow.

As a result, the Group views London, New York, Singapore, Hong Kong and Tokyo as its principal competitors as it seeks to position the DIFC as a leading international financial centre.

MANAGEMENT AND EMPLOYEES

BOARD OF MANAGERS

The Company is managed by its Board which is appointed by, and is currently the same as, the Board of Directors of the DIFC Authority. The Chairman of the Board is responsible for directing the business activities of the Group. These business activities are broadly divided into property management and investments, with a separate Chief Executive Officer and executive management team being appointed in respect of the property management division.

The Board has appointed two committees: a New Projects and Joint Venture Evaluation Committee and an Investments Management Committee. The activities of these committees are described further under "*Corporate governance*" below.

The Board currently comprises seven members and meets at least four times per year. The members of the Board are listed below.

Name	Position
H.E. Essa Kazim	Chairman of the Board
Hussain Al Qemzi	Member of the Board
Hesham Abdulla Al Qassim	Member of the Board
Abdulla J M Kalban	Member of the Board
Rashid Saif Al-Jarwan	Member of the Board
Salem Al Sharhan	Member of the Board
Sameer Al Ansari	Member of the Board

H.E. Essa Kazim, Chairman

H.E. Essa Kazim is the Governor of the DIFC, the Chairman of Borse Dubai, the Chairman of the Dubai Financial Market (the "**DFM**"), the Deputy Chairman of the Supreme Legislation Committee in Dubai and a member of the Dubai Supreme Fiscal Committee.

H.E. Kazim began his career as a senior analyst in the Research and Statistics Department of the UAE Central Bank in 1988 and then moved to the Dubai Department of Economic Development as Director of Planning and Development in 1993. He was then appointed as Director General of the DFM from 1999 to 2006.

H.E. Kazim has a Masters degree in Economics from the University of Iowa, a Masters Degree in Total Quality Management from the University of Wollongong and a Bachelor degree and an honorary Doctorate from Coe College in the United States.

H.E. Kazim currently sits on a number of official advisory committees and boards: he is Member of the Higher Board, the Chairman of the DIFC Authority Board of Directors, a Board Member of Dubai Economic Council, a Board Member of NASDAQ Dubai, a Board Member of Noor Bank, a Board Member of NASDAQ OMX, a Board Member of Emirates Telecommunication Corporation (Etisalat), and a Board Member and Secretary General of Dubai Islamic Economy Development Center. H.E. Kazim also serves as a board member for a number of educational institutions, both in the region and around the world.

Hussain Al Qemzi

Mr. Al Qemzi has more than 28 years' experience working with leading financial institutions in the UAE and is currently Group Chief Executive Officer of Noor Investment Group LLC and Chief Executive Officer of Noor Bank PJSC.

Prior to his appointments at Noor, Mr. Al Qemzi was the Chief Executive of Sharjah Islamic Bank and a former Board member of the DFM and the Dubai International Financial Exchange (DIFX).

Mr. Al Qemzi also served as Chief Operating Officer of the DIFC. Mr. Al Qemzi is currently also the Chairman of the Board of Directors of the Awqaf and Minors Affairs Foundation, the Vice Chairman of Emaar Properties PJSC and a member of the DIFC Higher Board, the DIFC Authority and the Emirates Institute for Banking and Financial Studies. Mr. Al Qemzi is also a member of the Dubai Islamic Finance Council.

Hesham Abdulla Al Qassim

Mr. Al Qassim is the Chief Executive Officer for wasl Asset Management Group (wasl). He is also the Deputy Chairman of Emirates NBD Bank PJSC and the Chairman of two of its subsidiaries:

Emirates Islamic and Emirates NBD Egypt. Mr. Al Qassim's role at wasl includes the development and management of large-scale real estate projects undertaken for the Government, as well as significant hotel and other hospitality management activities. He also has more than 17 years' experience in the banking industry.

Mr. Al Qassim's senior level financial experience includes a period as General Manager at the National Bank of Dubai as well as his current roles at Emirates NBD.

Mr. Al Qassim's board memberships include the DIFC Authority, Gulf Finance, National General Insurance Co., Amlak Finance and Emirates Institute for Banking and Financial Services, as well as the International Humanitarian City. Mr. Al Qassim is also a founding member of the Young Arab Leaders organisation. His professional and vocational qualifications include a Bachelor's Degree in Banking and Finance, a Master's Degree in International Business and an Executive Leadership Degree.

Abdulla J M Kalban

Mr. Kalban has spent 28 years at DUBAL, where he began as a graduate trainee in 1985 and is currently the President and Chief Executive Officer.

Mr. Kalban is also the Chairman of the Gulf Aluminium Council and a Director of the International Aluminium Institute in the UK and of the Federal Electricity & Water Authority. He is active on various committees such as The Minerals, Metals & Materials Society (TMS) and the Dubai Executive Council Committee for Infrastructure & Environment as well as the Supreme Council of Energy in the UAE.

Mr. Kalban has previously been the Vice Chairman of Emirates Aluminium, a member of the Federal Agency for Environment representing the Industry Sector, a member of the Dubai Export Development Establishment and the Dubai Ethics Resource Centre, the Vice Chairman of the Zayed International Prize for Environment, the presiding member of the Board of Directors of Emirates Industrial Bank and a member of the UAE University Engineering Faculty Committee.

Rashid Saif Al-Jarwan

Mr. Al-Jarwan is the Executive Director of the Board of Dana Gas, and a Board Member of Emirates General Petroleum Corporation, Oman Insurance Company and Mashreq Bank.

He has more than 35 years' oil and gas experience, having held the position of General Manager in Dana Gas for three years and ADGAS for eight years and having held various executive and technical positions in the ADNOC Group of companies for 28 years.

Mr. Al-Jarwan holds a Bachelor's Degree in Petroleum & Natural Gas Engineering from Pennsylvania State University in the United States.

Salem Al Sharhan

Mr. Al Sharhan worked in Etisalat for 23 years until May 2011. During his time with Etisalat, Mr. Al Sharhan served as Chief Financial Officer for seven years, where he was responsible for all aspects of group financial strategy and served as a member of the corporate management team, evaluating both technology and potential acquisition targets.

As part of his role in Etisalat, Mr. Al Sharhan also represented the company on the boards of a number of international telecommunications companies. He served as a board member of Mobily in Saudi Arabia and as a member of Sudatel in Sudan for ten years. In addition, Mr. Al Sharhan was a board member of EMTS in Nigeria, a board member of Atlantique Telecom in West Africa and was Chairman of Zantel in Tanzania.

Mr. Al Sharhan is currently an adviser to His Highness Sheikh Saud Bin Saqr Al Qasimi, Ruler of Ras Al Khaimah. He is also a member of the Executive Council of the Government of Ras Al Khaimah, as well as a board member of the National Bank of Ras Al Khaimah.

Mr. Al Sharhan holds a BSc in Accounting and Business Administration from the UAE University.

Sameer Al Ansari

Mr. Al Ansari qualified as a Chartered Accountant in London in 1987 and has worked in Dubai since then. He was the Chief Executive Officer of SHUAA Capital, a financial services institution between September 2009 and October 2011. Between 2004 and 2009, Mr. Al Ansari was the founding Chairman and the Chief Executive Officer of Dubai International Capital, a private equity investment

company with assets under management of U.S.$13 billion by 2008. He previously served as Group Chief Financial Officer for The Executive Office of His Highness Sheikh Mohammed Bin Rashid Al Maktoum.

Prior to joining the Executive Office, Mr. Al Ansari was Chief Financial Officer at Dubai Aluminium Company ("**DUBAL**") between 1992 and 2000. Between 1987 and 1992, Mr. Al Ansari was with Ernst & Young.

Mr. Al Ansari serves as a Chairman or a Board Member on a number of international and regional Boards. He is a fellow of the Institute of Chartered Accountants in England & Wales and a member of the MENA Advisory Board.

The business address of each of the managers listed above is DIFC, The Gate Building, Level 14, PO Box 74777, Dubai. There are no potential conflicts of interest between the duties to the Company of the managers listed above and their private interests or other duties. As indicated above, certain managers are board members of investment banks which have been appointed to manage the issue of the Certificates.

EXECUTIVE MANAGEMENT

A single executive management team is responsible for overseeing the strategic and operational management of all DIFC bodies. The members of this executive management team are listed below.

Name	Position
H.E. Essa Kazim	Governor of the DIFC, Chairman of the DIFC Authority and Chairman of the Board
Brett Schafer	Chief Executive Officer
Rajesh Pareek	Chief Financial Officer of the DIFC Authority
Chirag Shah	Chief Strategy and Business Development Officer of the DIFC Authority
Roberta Calarese	Chief Legal Officer of the DIFC Authority
John T. Harris	Chief Commercial Property Officer

Brett Schafer – Chief Executive Officer, DIFC Properties

Brett Schafer has over 30 years of experience in the commercial property sector. Brett has been involved in the acquisition, development and asset management of a wide range of properties and real estate projects in the United States, Canada and across the MENA region.

In his current role, Brett is responsible for developing the Group's strategic real estate objectives and overseeing the implementation and accomplishment of these objectives in line with the DIFC's vision and mission.

In 2007, Brett became the only person based outside of the Americas and Europe to receive the International Council of Shopping Centre's ("**ICSC**") Certified Development, Design and Construction Professional ("**CDP**") designation in the inaugural class. He now carries the Senior CDP designation and serves on the CDP Admissions and Governing Committee for ICSC in New York.

Rajesh Pareek – Chief Financial Officer, DIFCA

Rajesh was appointed as the Chief Financial Officer of the DIFC Authority in January 2011. In this role, he oversees the financial performance of the DIFC Authority, the Group and other entities.

Rajesh is a Chartered Accountant with over 16 years' experience with major accounting firms across a broad range of services. Prior to joining the DIFC Authority, Rajesh was a Director at KPMG Dubai, where he worked for more than eight years. He has significant experience working with Government-related entities and worked on some of the key restructuring projects in Dubai during 2009 and 2010. Rajesh has also worked with leading regional private equity houses, corporates and family businesses, advising on merger and acquisition transactions both locally and internationally.

Prior to joining KPMG, Rajesh worked with Arthur Andersen, Ernst and Young and Lodha & Co in India. Rajesh is an Associate with the Institute of Chartered Accountants, India. He also holds a Bachelors of Commerce with Honours in Finance and Accounting. Rajesh is also the Chairman of Art Dubai.

Chirag Shah – Chief Strategy and Business Development Officer, DIFC Authority

Chirag Shah is responsible for the DIFC Authority's strategy and business development teams.

Before working with the DIFC Authority, Chirag worked with American Express as Head of Business Development and Special Projects, focusing on strategy, business transformation/re-engineering, business development and strategic partnerships, idea incubation, product management, compliance and six sigma projects and initiatives.

Prior to that, Chirag worked with Andersen Business Consulting where he was responsible for financial services business consulting. During his tenure at Andersen, Chirag was exposed to a wide range of roles across the consulting chain.

Chirag has a Master's degree in Business Administration (MBA Finance), a Bachelor's degree in Commerce and is also a qualified Chartered Accountant.

Roberta Calarese – Chief Legal Officer, DIFC Authority

Roberta joined the DIFC Authority in February 2011 as Chief Legal Officer. In her current role, she is responsible for setting up the long-term plan for the legal and regulatory framework of the DIFC and managing the Legal Affairs Division of the DIFC Authority.

In addition to her role as Chief Legal Officer, Roberta was appointed in July 2011 as Secretary to the DIFC Authority Board of Directors and in August 2011, by Presidential Decree, as the DIFC Data Protection Commissioner and Registrar of Security.

Roberta joined the DFSA in 2002 as Legislative Counsel and Director of Policy and Legal Services. Roberta's legal and compliance experience also includes time spent with Prudential Bache, ABN AMRO and Goldman Sachs, in both London and Dubai.

Roberta was educated at the University of Warwick, University College London and the College of Law. She is a Board Member of the Italian Chamber of Commerce, a Member of the Legislative Committee of the Board of Directors of the DIFC Authority and a Member of the DIFC Court Users Committee and former Chairwoman of Art Dubai.

John T. Harris – Chief Commercial Property Officer

John joined DIFC Properties in 2013 and is responsible for delivering the portfolio strategy in line with the DIFC Vision.

Prior to joining DIFC Properties, John was Director at Jones Lang LaSalle in the Kingdom of Saudi Arabia for six years. Prior to that assignment, John spent three years as Associate Director based in Jones Lang LaSalle's London office, where he focused on developing the emerging market platform in the Middle East, Africa and Eastern Europe for corporate clients. Before this, John worked with Cushman & Wakefield.

John is CFA level 1 certified and holds a Bachelor of Arts degree in History & Economics from the University of Toronto in Canada.

The business address of each of the members of senior management listed above is DIFC, The Gate Building, Level 14, PO Box 74777, Dubai. There are no potential conflicts of interest between the duties to the Company of the members listed above and their private interests or other duties.

CORPORATE GOVERNANCE

The Company has five committees with Board representation:

- the Audit Committee;
- the Remuneration and Nomination Committee;
- the New Project and Joint Venture Evaluation Committee;
- the Investments Management Committee; and
- the Legislative Committee.

Audit Committee

The Audit Committee, which is required to include at least three, but no more than six, members of the Board, including the Chairman and at least two non-executive members of the Board, currently comprises three Board members (Mr. Al Qemzi (as Chairman), Mr. Al Ansari and Mr. Al Sharhan) and one additional member (Mr. Buhannad). The Committee is principally responsible for providing

assistance to the Board in fulfilling their oversight responsibility to the owners, potential investors and other stakeholders in relation to:

- the integrity of the Group's financial statements and reporting process;
- the Group's compliance with legal and regulatory requirements;
- evaluation of the Group's internal and external audit processes;
- the performance of the Group's internal audit function; and
- assessing the efficiency and effectiveness of the Group's risk management processes.

The Committee meets as and when directed by its Chairman.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee, which is required to comprise at least three members and no more than eight members (with the majority of members being non-executive) currently comprises two Board members (Mr. Al Ansari (as Chairman) and Mr. Al Qassim), the Chief Executive Officer of the Company and Mr. Al Sayed. The Committee is principally responsible for developing and recommending to the Board Group remuneration policies and it also makes recommendations as to the size and composition of the Board and its committees, new Board members and appointment of a new Chief Executive Officer.

The Committee meets as and when directed by its Chairman.

New Project and Joint Venture Evaluation Committee

The New Project and Joint Venture Evaluation Committee, which is required to comprise at least three members and no more than eight members (with the majority of members being non-executive) currently comprises three Board members (Mr. Al Ansari (as Chairman), Mr. Al Sharhan and Mr. Al Qemzi), the Chief Executive Officer and the Chief Financial Officer of the DIFC Authority. The Committee is principally responsible for reviewing all new project and joint venture proposals relating to the DIFC master plan submitted to it by the executive management team and recommending to the Board specific project and joint venture proposals proposed by the executive management team. The Committee meets as and when directed by its Chairman.

Investments Management Committee

The Investment Management Committee, which is required to comprise at least three members and no more than eight members (with the majority of members being non-executive) currently comprises two Board members (Mr. Kazim (as Chairman) and Mr. Al Qassim) and one additional member (Mr. Al Akrabi). The Committee is principally responsible for overseeing and managing the Company's investments and asset management function, including screening proposals relating to the acquisition or sale of assets and/or investments and recommending such proposals to the Board and reviewing procurement activities and financial expenditure that exceed executive management limits. The Committee meets at least six times a year.

Legislative Committee

The Legislative Committee comprises the Chief Legal Officer and five external members who are all lawyers in private practice. The Committee is principally responsible for assisting the Board in discharging its legislative duties and advising in relation to the legislative framework of the DIFC.

The Committee meets as and when directed by its Chairman.

EMPLOYEES

As at 30 June 2014, the Group had 185 employees.

DESCRIPTION OF THE DIFC

OVERVIEW OF THE DIFC

Located between the major international capital markets of New York and London (in the West) and Hong Kong and Singapore (in the East), the Emirate of Dubai is well placed to connect the MENA region with global financial markets. The DIFC was conceived by the Government to promote the growth and development of financial services within the UAE by providing world-class infrastructure and business opportunities. Based on the most recent Governmental statistical data from 2011, the DIFC contributes approximately 4 per cent. to Dubai's total nominal GDP with the contribution of the financial services sector as a whole being around 12 per cent.

The vision of the DIFC is to be a global financial hub capitalising on its strategic location, effective and independent regulatory and legal framework, tax-friendly regime and supportive infrastructure. According to The Banker magazine, in 2013 Dubai ranked sixth out of 53 international financial centres after New York, London, Singapore, Frankfurt and Hong Kong, making it the highest placed financial centre in the Middle East region.

The development of the DIFC was driven by the Government which provided the land on which it is located at no cost and has supported the DIFC since its establishment, including through the appointment of the initial members of the Higher Board of the DIFC (the "**Higher Board**") in 2011 and the appointment of the members of the Boards of the principal DIFC bodies, as well as through finance provided to the Group by Government-owned entities. The Deputy Ruler of Dubai, His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, is both the President of the DIFC and the Chairman of the Higher Board.

The DIFC was established in 2004. By the end of the year it had 19 active registered companies at the end of that year and has since expanded to encompass more than 1,100 active registered companies at 30 June 2014. The table below illustrates the growth in the number of active registered companies in the DIFC since 31 December 2010.

	As at 31 December				As at 30 June
	2010	**2011**	**2012**	**2013**	**2014**
Active registered companies	792	848	912	1,039	1,113

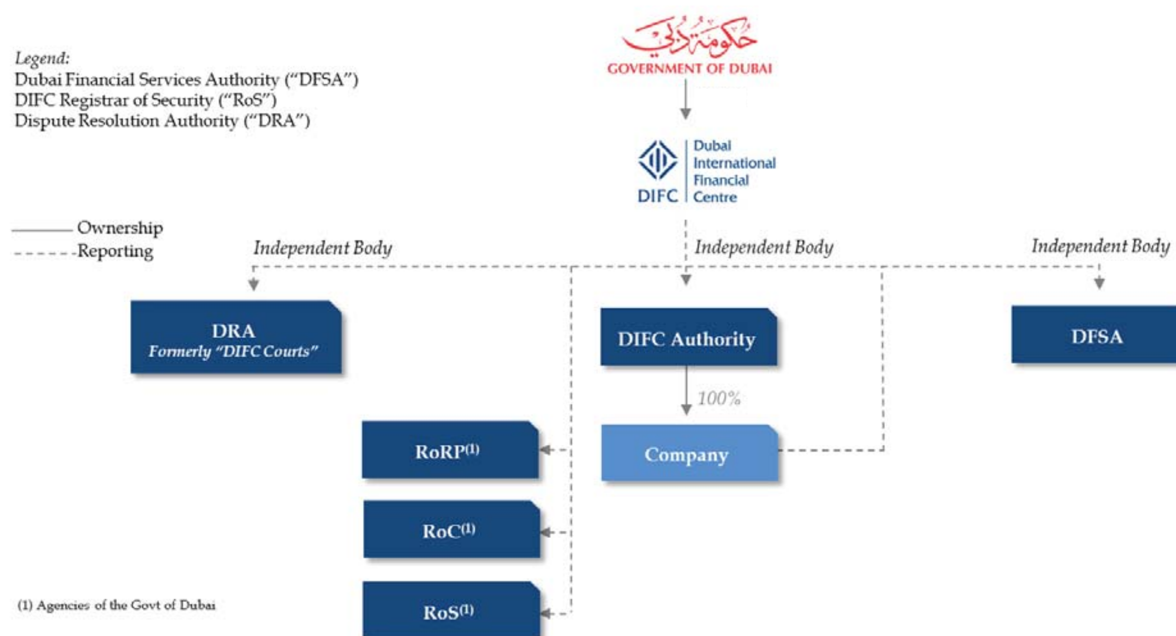
These companies include 17 of the 20 leading global banks according to a 2013 issue of The Banker magazine and eight of the 20 leading insurance firms according to a 2014 issue of Forbes magazine. The DIFC offers its registered members an attractive operating environment, with a modern regulatory and legal framework which supports one of the DIFC's main objectives of establishing a financial centre characterised by integrity, transparency and efficiency. Registered members benefit from no restriction on foreign ownership, zero tax for fifty years from 2004 and no restrictions on capital or profit repatriation. The DIFC's main focus is to attract reputable international and regional financial institutions and related service providers to support the provision of regional banking, capital markets, asset management, funds establishment, insurance and reinsurance, Islamic finance and ancillary services and business processing operations. The DIFC has created a platform for international institutional investors to access regional capital markets products as well as a significant pool of liquidity in the region.

The creation of the DIFC required an amendment to Article 121 of the UAE Constitution, which deals with the division of powers between Emirate and federal authorities, which allowed the enactment of a federal financial free zone law. Accordingly, the Federation enacted Federal Law 8 of 2004 regarding the Financial Free Zones in the United Arab Emirates (the "**Financial Free Zone Law**"), which delegated authority to individual Emirates to enact laws to create a financial free zone and also disapplies all federal civil and commercial laws applicable within the UAE from such financial free zones. The UAE Criminal Code continues to apply within financial free zones, including the DIFC. The DIFC was established as a financial free zone for the Emirate of Dubai under Federal Decree 35 of 2004. Subsequently, in 2004, Dubai Law 9 was enacted and provides that the DIFC "shall have financial and administrative independence, and shall be attached to the Government".

ORGANISATIONAL STRUCTURE

The principal statutory bodies of the DIFC are the DIFC Authority, the Dubai Financial Services Authority (the "**DFSA**") and the Dispute Resolution Authority.

The following diagram shows the current structure of the DIFC:



The Ruler of Dubai holds legislative authority over the DIFC and appoints both the President and the Governor of the DIFC and the Higher Board.

The President of the DIFC is responsible for overseeing each of the DIFC Authority, the DFSA and the Dispute Resolution Authority and appoints the boards of directors of each of these bodies.

The Higher Board was established in 2011. It comprises members with local and international expertise in the fields of financial services, banking, insurance and capital markets. It currently comprises 10 members, including both the President and the Governor of the DIFC.

The Governor of the DIFC is responsible for proposing strategies to the Higher Board and for ensuring that the strategies are implemented once adopted.

The DIFC Authority and the Registrars

The DIFC Authority was established under Article 6 of Dubai Law 9 and is the body charged with providing direction and supervision to the DIFC. Its responsibilities include attracting licensees to operate in the DIFC as well as the implementation of Dubai Law 9 and regulations that govern public administration and other activities that are not related to financial services.

The DIFC Authority owns the Company which is responsible for conducting those activities of the DIFC Authority which do not fall within the definition of public administration under the Dubai Law 9 or within the exclusive remit of the other DIFC Authority bodies described below.

The DIFC Authority also provides back office support to the operations of the following entities, each of which is established under Article 7 of Dubai Law 9 No. 3 of 2006 (the "**Companies Law**") as an independent statutory body:

- the DIFC Registrar of Companies, which advises on, receives, reviews and processes all applications submitted by prospective registrants seeking to establish a presence in the DIFC and is also responsible for incorporating and registering all companies and partnerships (from authorised financial institutions through to non-financial registrants) seeking to establish a presence in the DIFC;
- the DIFC Registrar of Real Property, which registers title to all land and units in the DIFC and administers the DIFC Real Property Law and the DIFC Strata Title Law; and

- the DIFC Registrar of Security (the "**RoS**"), which records and registers all security interests and establishes the priority of security pledges against financial transactions. The RoS enables entities in and outside the DIFC to register any security interest they may take against facilities they have extended to borrowers.

The DFSA

The DFSA was established under Article 7 of the Dubai Law 9 and is the independent body responsible for supervising and regulating all financial and professional services conducted in or from the DIFC as well as licensing, authorising and registering institutions and individuals to conduct those services. The DFSA's regulatory framework was developed by a team of experienced regulators and legal experts drawn from internationally recognised regulatory bodies and major financial institutions around the world, and is based on the practices and laws of the world's leading financial jurisdictions. The DFSA is an Associate Member of the International Organisation of Securities Commissions ("**IOSCO**").

The Dispute Resolution Authority

Article 8 of Dubai Law 9 established the DIFC Judicial Authority which has established:

- the DIFC's own independent commercial courts, which have wide jurisdiction to hear and decide DIFC law-based civil or commercial proceedings arising between DIFC registered entities or where the parties have elected to submit to those courts; and
- together with the London Court of International Arbitration, a comprehensive and modern arbitration framework to enable parties to select arbitration as the means for resolving disputes which arise out of or in connection with the DIFC.

The Dispute Resolution Authority is independent from the DIFC and reports directly to the Ruler of Dubai and the President of the DIFC. The official language of the Dispute Resolution Authority is English. DIFC law is based primarily on common law and the DIFC courts and arbitration tribunals are staffed with experienced judges from, and trained in, common law jurisdictions such as England and Singapore.

OVERVIEW OF THE UAE AND THE EMIRATE OF DUBAI

The UAE

The UAE is a federation of seven emirates. Formerly known as the Trucial States, they were a British protectorate until they achieved independence in December 1971 and merged to form the United Arab Emirates. Each emirate has a local government headed by the Ruler of the emirate. There is a federal government which is headed by the President. The federal budget is principally funded by the Emirate of Abu Dhabi.

The UAE as a whole extends along the West coast of the Arabian Gulf, from the coast of the Kingdom of Saudi Arabia near the base of the State of Qatar peninsula in the West to the Emirate of Ras Al Khaimah in the North and across the Mussandum peninsula to the Gulf of Oman in the East, covering an area of approximately 83,699 square kilometres in total.

The federation is governed by the Supreme Council of the Rulers of all the emirates (the "**Supreme Council**") which consists of the Rulers of the seven emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

According to World Economic Outlook data published by the International Monetary Fund (the "**IMF**") in April 2013, the UAE is the third largest economy in the Gulf region after the Kingdom of Saudi Arabia and the Islamic Republic of Iran, based on nominal GDP. It has a more diversified economy than most of the other countries in the Gulf Co-operation Council (the "**GCC**"). According to OPEC data, at 31 December 2012, the UAE had approximately 6.6 per cent. of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world) and according to data produced by the UAE National Bureau of Statistics, 40.2 per cent. of the UAE's real GDP in 2012 was attributable to oil and natural gas. Based on IMF data (extracted from the World Economic Outlook (April 2013)) real GDP growth in the UAE increased by 3.9 per cent. in 2012, 5.2 per cent. in 2011 and 1.3 per cent. in 2010 after having decreased by 4.8 per cent. in 2009 and increased by 5.3 per cent. in 2008 and 6.5 per cent. in 2007 and is projected to increase by 3.1 per cent. in 2013 and 3.6 per cent. in 2014.

On 17 August 2014, Moody's Investors Service Singapore Pte. Ltd. reaffirmed the UAE's long-term credit rating of Aa2 with a stable outlook. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by the Emirate of Abu Dhabi. The UAE is not rated by the other rating agencies.

The Emirate of Dubai

The Emirate of Dubai ("**Dubai**") is the second largest emirate in the UAE after the Emirate of Abu Dhabi, and is situated on the west coast of the UAE in the south-western part of the Arabian Gulf. It covers an area of approximately 4,357 square kilometres and, except for a tiny enclave in the Hajar Mountains at Hatta, the emirate comprises one contiguous block of territory. The Ruler of Dubai is Sheikh Mohammed bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

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

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

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

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

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

Strategy of Dubai

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

The DSP 2015 envisages that future economic growth will be focused on the following six sectors: travel and tourism; financial services; professional services; transport and logistics; trade and storage. These sectors were identified based on their then current status, international competitiveness, Dubai's capacity to develop them and the availability of necessary enabling factors.

The global economic crisis significantly impacted the Government's economic development plans and, as a result, the government has reassessed the stated aims of the DSP 2015 in the area of economic development. The Dubai Department of Economic Development, which was given responsibility for revision of these aims, has prepared a revised Medium Term Economic Plan to be implemented through to 2015 (the "**Medium Term Economic Plan**"). The Medium Term Economic Plan is broadly envisioned to emphasise three goals. First, it will focus on reinforcing and growing Dubai's already established position as a regional and global hub for travel, tourism, trade, transportation and logistics services. Second, it will promote the expansion of Dubai's knowledge based economy by creating a regulatory and economic environment conducive for growing the financial and professional services industries, by attracting international companies to establish their headquarters in Dubai and by further establishing Dubai as a regional centre for the construction services industry. Third, it will continue to encourage major Dubai-based companies to expand globally, thereby deepening Dubai's interconnectedness with the global economy. Economic sectors such as retail and trade, transportation and logistics, manufacturing, tourism and financial services are therefore expected to remain important drivers of Dubai's economic growth in the future and investment parks that foster some or all these sectors will remain important enablers of the Government's strategy.

Population

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

The populations of both the UAE and Dubai have grown significantly since 1985, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed.

The table below illustrates this growth using official census data since 1985:

	1985	**1995**	**2005**	**2010/12**
Total population	1,379,303	2,411,041	4,106,427	8,264,070
Dubai population	370,788	689,420	1,321,453	2,105,875

Source: Official UAE census data (1985 to 2005); NBS estimates (2010) and Dubai Statistics Centre estimates (2012).

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian sub-continent, Europe and other Arab countries. Approximately 76 per cent. of the population is estimated to be male and 24 per cent. female, reflecting the large male expatriate workforce.

Governance, Legislation and Judiciary

The UAE

UAE constitution

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

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

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft and a number of other matters including labour relations; banking; the delimitation of territorial waters; and the extradition of criminals. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Defence, Economy, Finance, Foreign Affairs and Justice. Although most of the federal government ministries are based in the Emirate of Abu Dhabi, many also maintain offices in Dubai. The UAE's monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank. Article 122 of the Constitution states that the emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

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

Each emirate manages its own budget on an independent basis and no emirate has any obligation to contribute to the budget of any other emirate. Each emirate makes contributions to the federal budget in agreed amounts.

Federal Supreme Council

The UAE is governed by the Supreme Council. This is the highest federal governing body and consists of the Rulers of the seven emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five emirates, provided that the votes of both the Emirate of Abu Dhabi and Dubai are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

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

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

Federal Council of Ministers

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

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

Federal National Council

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

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the FNC has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

The inaugural FNC elections were held in December 2006, following reforms to enhance public participation in the electoral process. Under these reforms, the Ruler of each emirate selected an electoral college numbering approximately 100 times the number of FNC members for the relevant emirate. The members of each electoral college elected half of the FNC members for their emirate, with the remainder being appointed by the Ruler.

The most recent FNC elections were held in September 2011, following the issuance of new electoral guidelines by the National Election Commission in May 2011, addressing the methods of selection of representatives to the FNC, the role of the National Election Commission and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process. On 24 September 2011, 468 candidates stood for election to the 20 elected positions on the FNC, with a voter turnout across the UAE of 35,877, or 27.8 per cent. of an expanded electoral college of 129,274.

Legal and court system

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

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-Emirate disputes and disputes between the federal government and the emirates.

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

The judicial system in Dubai (excluding the Dubai International Financial Centre) is comprised of: (i) a Court of First Instance; (ii) a Court of Appeal; and (iii) a Court of Cassation. The laws and regulations of the Dubai International Financial Centre are applied by the DIFC Courts, which are independent of the Dubai Courts and the UAE Federal Courts, and consist of a Court of First Instance and a Court of Appeal.

Dubai

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

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

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

Supreme Fiscal Committee: The SFC was established in November 2007 to formulate the fiscal policies of the Government, establish and approve priorities, financing methods and completion dates for major Government projects, determine the public debt and expenditure limits and to issue recommendations in relation to key economic issues to the Ruler of Dubai. The SFC also aims to improve coordination between various Government entities and to enable these entities to meet their respective development targets in a cost-efficient manner.

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

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

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

Economy of the UAE

The UAE is the third largest economy in the Gulf region after Saudi Arabia and Iran. According to the Organisation of Petroleum Exporting Countries (OPEC) data, as at 31 December 2012, the UAE had approximately 6.6 per cent. of proven global oil reserves (giving it the sixth largest oil reserves in the world). The UAE's oil reserves generated approximately 32.7 per cent. of the UAE's real GDP in 2012 (according to the NBS) and approximately 33.7 per cent. of its export earnings (including re-exports) in 2012 according to the UAE Central Bank).

The NBS has estimated that real GDP in the UAE for 2012 was AED 1,025.6 billion, representing a real GDP growth rate of 4.4 per cent., reflecting the general economic recovery in the wake of the global economic crisis.

The table below shows the UAE's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated.

	2009	2010	2011	2012
UAE nominal GDP (*AED millions*)	935,766	1,055,557	1,280,215	1,409,502
UAE nominal GDP growth rates (*per cent.*)	(19.2)	12.8	21.3	10.1
UAE real GDP (*AED millions*)	930,475	946,021	982,725	1,025,623
UAE real GDP growth rates (*per cent.*)	(4.8)	1.7	3.9	4.4

Source: UAE National Bureau of Statistics

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Whilst fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non- oil sector, particularly trading, finance, real estate and tourism.

Economy of Dubai

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

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

Significant growth sectors for the emirate in 2012 were the manufacturing; restaurants and hotels; transport, storage and communication; and electricity and water. The manufacturing sector grew by 13.0 per cent. in real terms in 2012 principally due to increased demand for non-oil exports from Dubai, particularly industrial exports. The restaurants and hotels sector grew by 16.9 per cent. in real terms in 2012 as a result of increased tourism and higher revenues in the hotel sector. The transport, storage and communication sector grew by 7.3 per cent. in real terms in 2012 as a result of growth in foreign trade levels, an increase in activity at domestic ports and airports (which increased demand for freight and transportation services) and increased revenues collected from the transport sector as a result of a higher number of passengers using public transport. The electricity and water sector grew by 4.8 per cent. in real terms in 2012 as a result of increased generation and consumption of electricity and water in Dubai. In addition, the wholesale and retail trade and repairing services sector grew by 2.3 per cent. in real terms in 2012, largely due to increased economic activity and imports, as this sector depends largely on imports.

Each of the above sectors has benefited from the Government's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high profile developments initiated by the Government and the establishment of a range of specialised free zones designed to attract new companies and investment.

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

The Government continues to focus on economic diversification and in this respect is targeting the travel and tourism, financial services, professional services, transport and logistics, trade and storage and construction sectors in particular as areas for future growth.

Since the middle of 2008 and reflecting the global financial crisis and sharp falls in international oil and gas prices, there have been significant declines in real estate sales prices and rental rates in the UAE as a whole and a significant slowdown in construction activity. These factors adversely impacted the emirate's GDP in 2010 and 2011, with the real estate and construction sectors declining in real terms in 2010 by 2.6 per cent. and 14.7 per cent., respectively, and in 2011 by 2.6 per cent. and

5.7 per cent., respectively. In 2012, the real estate and business services sector grew by 1.7 per cent. whilst the construction sector declined by 4.2 per cent. in real terms.

The table below shows Dubai's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated:

	2009	2010	2011	2012
Dubai nominal GDP (*AED millions*)	295,441	304,585	315,392	333,886
Dubai nominal GDP growth rates (*per cent.*)	—[1]	3.1	3.5	7.3
Dubai real GDP (*AED millions*)	285,162	295,256	304,989	318,379
Dubai real GDP growth rates (*per cent.*)	(2.7)	3.5	3.3	4.4

Source: Dubai Statistics Centre

Note:

(1) Dubai nominal GDP growth rate for 2009 are not published by the Dubai Statistics Centre on its website.

Nominal GDP data for 2012 and the growth rate for 2009 are not published by the Dubai Statistics Centre on its website. Dubai's real GDP in 2012 was AED 318,379 million, 4.4 per cent. higher than the AED 304,989 million in 2011.

The real GDP of Dubai in 2012 equalled 31.0 per cent. of the real GDP of the UAE in the same year. In 2011, 2010 and 2009, the equivalent proportions were 31.2 per cent., 31.2 per cent. and 30.8 per cent., respectively.

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

Within Dubai, no single economic sector contributed more than 31 per cent. to total GDP in 2012, with the largest sector being the wholesale and retail trade and repairing services sector which contributed AED 96.3 billion, or 30.3 per cent., of the emirate's real GDP. Other significant contributors to real GDP in 2012 include the manufacturing sector, which contributed AED 48.9 billion, or 15.4 per cent., to real GDP; the transport, storage and communications sector, which contributed AED 45.8 billion, or 14.4 per cent., to real GDP; the real estate and business services sector, which contributed AED 39.9 billion, or 12.5 per cent., to real GDP; the financial corporations sector, which contributed AED 35.4 billion, or 11.1 per cent., to real GDP and the construction sector, which contributed AED 24.8 billion, or 7.8 per cent., to real GDP. Together, these six sectors contributed 91.5 per cent. of total real GDP in 2012. By contrast, the government services sector contributed 5.6 per cent., the restaurants and hotels sector contributed 4.5 per cent. and the mining and quarrying (principally oil and gas) sector contributed 1.5 per cent. to real GDP in 2012.

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

All GDP data in this section is derived from publications of the Dubai Statistics Centre.

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

The Government owns, or has significant investments in, strategic Government-related entities ("**GREs**") which have played a significant role in supporting and facilitating the Government's strategic development plan. Certain GREs have incurred indebtedness, including indebtedness from international financial institutions and in the international capital markets. As a result of the global financial crisis, sharp falls in international oil and gas prices, financial sector instability, limited access to credit and the significant decline in real estate values, both globally and in the Emirate of Dubai and the UAE, certain GREs have suffered from asset value deterioration, limited cash flow and a lack of liquidity. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government announced its intention to support certain entities in order to maintain stability in the UAE economy, the banking system and investor confidence.

On 25 November 2009, Dubai World, with the support of the Government, announced its intention to seek a standstill with the lenders of the Dubai World group in respect of the indebtedness of the Dubai World group and initiated the restructuring process in order to ensure the continuity of the Dubai World group's business operations. Dubai World's restructuring was fully implemented on 29 June 2011. Dubai World's post- restructuring financial indebtedness was approximately U.S.$14.4 billion in total, comprising two tranches of U.S.$4.4 billion and approximately U.S.$10.0 billion, with five- and eight-year maturities, respectively. The Government also agreed to (i) recapitalise Dubai World through the equitisation of the U.S.$8.9 billion debt owed by Dubai World to the Dubai Financial Support Fund (the "**DFSF**"); (ii) commit up to a further U.S.$1.5 billion in new funds; and (iii) provide a stop-loss guarantee of U.S.$2.2 billion in respect of certain of Dubai World's post restructuring financial indebtedness.

On 14 July 2010, Nakheel (then a Dubai World group company) held a formal meeting in Dubai with creditor banks to formally present the restructuring of certain existing indebtedness of Nakheel and certain of its subsidiaries together with any related security and guarantees in respect thereof. The terms of the Nakheel restructuring were approved and the restructuring was implemented on or about 24 August 2011 on a contractual basis through binding agreements with Nakheel's creditors. The Nakheel restructuring caused trade and financial claims against Nakheel to be reduced from AED 59.3 billion to AED 17.6 billion as a result of a substantial recapitalisation of the business through the injection of AED 26.8 billion of new capital and the equitisation of existing claims by the Government through the DFSF. The Nakheel restructuring involved the separation of the Nakheel group from the rest of the Dubai World group. As such, all the existing shares of the Nakheel holding companies were directly or indirectly transferred to the DFSF, against which transfer the DFSF released Nakheel from all of its obligations and liabilities under the various support facilities extended to the Nakheel group by the DFSF during the course of the Nakheel restructuring.

UAE International Relations

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan.

The UAE participates in a number of multi-lateral development institutions, including the International Bank for Reconstruction and Development, the International Development Agency, the IMF and regional bodies like the Arab Bank for Economic Development in Africa, the Arab Gulf Fund for the United Nations, the Abu Dhabi-based Arab Monetary Fund, the Islamic Development Bank and the OPEC Fund for International Development. In addition, the UAE is a member of various other international organisations, including, among others, the Asia-Pacific Economic Co-operation, the GCC, the International Organisation for Industrial Development, the League of Arab States, OPEC, the Organisation of Arab Petroleum Exporting Countries, the Organisation of Islamic Countries, the United Nations, the World Health Organisation and the World Trade Organisation. In December 2009, the UAE entered into a bilateral agreement with the United States for peaceful nuclear cooperation which establishes the legal framework for commerce in civilian nuclear energy between the two countries.

The UAE enjoys good relations with the other states in the GCC. However, the UAE has an on-going dispute with the Islamic Republic of Iran and continuing discussions with the Kingdom of Saudi Arabia and the State of Qatar over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by the Islamic Republic of Iran. The UAE believes that the islands should be returned to the Emirate of Sharjah which claims sovereignty over them and is seeking to resolve the dispute through negotiation.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with the Kingdom of Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar relating to a maritime corridor which the State of Qatar has purported to grant to the Kingdom of Saudi Arabia, from within the State of Qatar's own maritime waters, which crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited. The UAE believes that this grant is in breach of existing agreements between the UAE and the State of Qatar and, in June 2009, the UAE's Ministry of Foreign Affairs stated this position in a letter to the UN Secretary General.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

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

Purchase Agreement

The Purchase Agreement will be entered into on the Issue Date between DIFC Sukuk Limited (in its capacities as Trustee and as Purchaser) and DIFCI (in its capacity as Seller) and will be governed by the laws of the DIFC. Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will buy from the Seller, the Initial Wakala Portfolio.

Under the Purchase Agreement, the Seller will undertake to the Purchaser that, with effect from: (i) the Issue Date (in the case of the Initial Wakala Portfolio sold pursuant to the Purchase Agreement); and (ii) the date on which new Wakala Assets become part of the Wakala Portfolio (in the case of any Wakala Assets added to the Wakala Portfolio from time to time) it will hold the title to the Wakala Assets in its name as an agent and nominee of the Purchaser.

Service Agency Agreement

The Service Agency Agreement will be entered into on the Issue Date between DIFC Sukuk Limited (in its capacity as Trustee) and DIFCI (as Servicing Agent of the Wakala Portfolio) and will be governed by English law.

Services

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent to manage the Wakala Portfolio. In particular, the Servicing Agent will undertake to provide, amongst other things, the following services (the "**Services**"):

(a) it will manage the Wakala Portfolio in accordance with the Wakala Management Plan set out in the schedule to the Service Agency Agreement, which includes the amount of expected Wakala Portfolio Revenues (as defined below) of the Wakala Portfolio in respect of each Wakala Distribution Period (the "**Expected Wakala Portfolio Revenues Amount**");

(b) subject to the provisions of the Service Agency Agreement relating to substitution (as described below), it will ensure that the Wakala Portfolio will comprise only:

  (i) Externally Leased Assets which are Eligible Wakala Assets (as defined below) (provided that, for this purpose, sub-paragraph (e) of the definition of Eligible Wakala Asset shall not apply); and/or

  (ii) Self-Use Assets in respect of which there has not occurred an event of default, any acceleration or analogous event, other than any such event of default, acceleration or analogous event that is not material to DIFCI's obligations under the Transaction Documents,

  provided that, for the avoidance of doubt, at any time the Wakala Portfolio may be comprised entirely of Externally Leased Assets;

(c) it will use its best endeavours to manage the Wakala Portfolio such that the Wakala Portfolio Value is at all times at least equal to the aggregate Value of the Initial Wakala Portfolio as set out in the schedule to the Purchase Agreement less any relevant Surrender Amount and accordingly will at no time substitute any Wakala Asset(s) for any Wakala Asset(s) of a Value less than the Value of the Wakala Asset(s) so substituted;

(d) it will carry out all Major Maintenance and Structural Repair in respect of the Wakala Assets on account and on behalf of the Trustee and in so doing the Servicing Agent shall:

  (i) ensure that accurate and current records are kept of all Major Maintenance and Structural Repair activities;

  (ii) conduct regular and proper inspection of the Wakala Assets and ensure that Major Maintenance and Structural Repair is carried out with the proper quality of materials and workmanship; and

  (iii) ensure that Major Maintenance and Structural Repair is carried out by qualified persons and in accordance with all applicable regulations and law;

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Servicing Agent on an arm's length basis and in order to fully maintain the value of the Wakala Assets;

(e) (for so long as the Trustee remains the owner of the Wakala Assets in its name and on behalf of the Certificateholders) it will promptly pay, on behalf of the Trustee, all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Wakala Assets by any relevant taxing authority and promptly provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all Proprietorship Taxes paid by it;

(f) it will do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) 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 Wakala Asset Contract to which it is a party in accordance with applicable law and the terms of the Wakala Asset Contract, in each case in respect of the Wakala Assets;

(g) it will discharge or procure the discharge of all obligations to be discharged by DIFCI (in whatever capacity) in respect of any of the Wakala Assets under all Wakala Asset Contracts, it being acknowledged that the Servicing Agent may appoint one or more agents to discharge these obligations on its behalf;

(h) it will pay on behalf of the Trustee any actual costs, expenses and losses (excluding for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity costs) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio and, such actual costs, expenses and losses shall be reimbursed in accordance with the terms of the Service Agency Agreement;

(i) it will use all reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues (as defined below), investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues under all Wakala Asset Contracts as and when the same shall become due;

(j) it will ensure that all Wakala Portfolio Revenues are received free and clear of, and without withholding or deduction for, Taxes (as defined therein);

(k) it will use all reasonable endeavours to ensure that the Wakala Portfolio Revenues in respect of each Wakala Distribution Period are at least equal to the Expected Wakala Portfolio Revenues Amount;

(l) it will maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement and as summarised below;

(m) it will obtain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;

(n) it will renew External Leases relating to Externally Leased Assets, or where such leases are not to be renewed, source new tenants;

(o) subject to paragraph (p) below, it will, as soon as reasonably practicable, accurately amend the Schedule of Leased Assets upon any Self-Use Asset being added to the Wakala Portfolio or any Leased Asset being removed from the Wakala Portfolio, in each case in accordance with the Purchase Undertaking, the Sale Undertaking and/or the Service Agency Agreement (as applicable); and (ii) as soon as reasonably practicable after each occasion on which a Self-Use Asset is added to the Wakala Portfolio, it will (on behalf of the Trustee acting in its capacity as Lessor) execute an Addendum to the Lease Agreement setting out the particulars of such Self-Use Asset and will thereafter forward a copy of the same to the Delegate;

(p) if at any time DIFCI proposes to add any one or more Self-Use Assets to the Wakala Portfolio either: (i) in substitution for all of the existing Leased Assets at that time; or (ii) at a time when there are no Leased Assets, it will procure that the Lessor and the Lessee enter into a supplemental lease agreement having substantially the same terms as the Lease Agreement (save for the list of assets set out in the Schedule of Leased Assets) and will thereafter forward a copy of the same to the Delegate;

(q) it will (on behalf of the Trustee acting its capacity as Lessor) determine and/or notify the Lessee of all Rental under and in accordance with the terms of the Lease Agreement; and

(r) it will carry out any incidental matters relating to any of the above.

For these purposes:

"**Eligible Wakala Asset**" means an Externally Leased Asset or a Self-Use Asset:

(a) in respect of which the relevant External Lessee: (i) is generating cashflows which do not conflict with the principles of *Shari'a*; and (ii) is not in breach of its payment obligations, other than any such breach that is not material to DIFCI's obligations under the Transaction Documents;

(b) which constitutes legal, valid, binding and enforceable obligations of a lessee thereof in the jurisdiction in which such lessee is located;

(c) in respect of which DIFCI, in its capacity as seller (the "**Seller**"), is entitled to receive all payments due;

(d) in respect of which there has not occurred an event of default, any acceleration or analogous event, other than any such event of default, acceleration or analogous event that is not material to DIFCI's obligations under the Transaction Documents; and

(e) which is capable of being sold and transferred by the Seller to the Trustee (in it capacity as purchaser) in accordance with the terms set out in the Purchase Agreement

provided that, in the case of a Self-Use Asset, only paragraph (e) shall be deemed to apply;

"**Externally Leased Asset**" means a real estate related asset located in the DIFC which is leased or to be leased (other than on the basis of a finance lease) by the Seller to a third party;

"**Lessee**" means DIFCI acting in its capacity as lessee under the Lease Agreement dated the Issue Date entered into with the Trustee (in its capacity as lessor, the "**Lessor**");

"**Major Maintenance and Structural Repair**" means all structural repair and major maintenance (excluding Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Wakala Assets suffer no damage, loss or diminution in value without which the Wakala Assets could not be reasonably and properly used by the Lessee or the relevant External Lessee (as applicable);

"**Ordinary Maintenance and Repair**" means all day-to-day repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Wakala Assets and to keep, maintain and preserve the Wakala Assets in good order, state and condition;

"**Proprietorship Taxes**" means all taxes in relation to the Wakala Assets by law imposed, charged or levied against a proprietor, but excluding all taxes that are by law imposed, charged or levied against a lessee or tenant;

"**Rental**" means the rental amounts payable in accordance with the terms of the Lease Agreement;

"**Self-Use Asset**" means a plot of land or other real estate related asset located in the DIFC and which is either: (i) to be developed in accordance with a development plan; or (ii) already developed but not the subject of an External Lease;

"**Schedule of Leased Assets**" means the list of leased assets scheduled to the Lease Agreement, as updated from time to time;

"**Surrender Amount**" means the aggregate face amount of any Certificates cancelled pursuant to Condition 8(g) and/or redeemed and cancelled pursuant to Condition 8(c);

"**Value**" means, in respect of any Wakala Asset, the amount in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable Exchange Rate (as defined in the Service Agency Agreement)) determined by DIFCI as being equal to the value of that Wakala Asset on the day on which it first became part of the Wakala Portfolio, which will be determined by DIFCI on the basis of the market value of the relevant Wakala Asset at such time and (in the case of any Wakala Asset which is a Self-Use Asset) will be set out in the schedule to the Purchase Agreement or in the relevant substitution notice or substitution request, as applicable;

"**Wakala Asset Contracts**" means the Lease Agreement and each External Lease; and

"**Wakala Asset Obligor**" means: (i) in respect of any Self-Use Asset, DIFCI; and (ii) in respect of any Externally Leased Asset, the relevant External Lessee.

Insurances and Total Loss Shortfall Amount

The Servicing Agent will also irrevocably undertake with the Trustee, in relation to the Wakala Portfolio, that the Servicing Agent, on behalf of the Trustee, will:

(a) be responsible for ensuring that the Wakala Assets are insured and, accordingly, will effect such insurances in respect of the Wakala Assets (the "**Insurances**"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event. The Servicing Agent will undertake to ensure that the insured amount relating to a Total Loss Event will, at all times, be at least equal to the "Full Reinstatement Value" (being the aggregate face amount of the Certificates outstanding at the time of the Total Loss Event plus: (i) all accrued but unpaid Periodic Distribution Amounts relating to such Certificates; and (ii) an amount equal to the Periodic Distribution Amounts relating to such Certificates which will accrue during the period beginning on the date on which the Total Loss Event occurs and ending on (but excluding) the earlier of (x) the date on which the Certificates are redeemed in full in accordance with the Conditions); and (y) the 31st day following the date on which a Total Loss occurs;

(b) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances;

(c) ensure that in the event of a Total Loss Event occurring all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the insurer(s) will be directed accordingly.

If the Servicing Agent fails to comply with the above provisions and as a result of such breach the amount (if any) credited to the Transaction Account pursuant to the Service Agency Agreement is less than the Full Reinstatement Value (the difference between such Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is neither attributable to its negligence nor its failing to comply with the terms of the Service Agency Agreement relating to insurance) will irrevocably and unconditionally undertake to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Thereafter, and subject to the Servicing Agent's strict compliance with the Service Agency Agreement, any insurance proceeds received from such insurer will be for the Servicing Agent's sole account and the Trustee will have no further rights against the Servicing Agent in respect of its breach. Any such breach will not however constitute a DIFCI Event.

Wherever the Servicing Agent procures Insurances in accordance with the terms of the Service Agency Agreement (including the renewal of any Insurances in existence on the Issue Date) it will use its reasonable endeavours to obtain such Insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms. A breach of this requirement will not, however, constitute a DIFCI Event.

Records and documents

The Servicing Agent will undertake that it will keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Wakala Assets.

Powers of the Servicing Agent

The Servicing Agent will, acting as agent for the Trustee, have and pursuant to the Service Agency Agreement is granted complete discretion, authority, power and right in the name of the Trustee:

(a) to enter into contractual arrangements with approved sub-contractors and consultants in order to assist it in performing the Services and its other obligations under the Service Agency Agreement;

(b) to enter into, make and perform all agreements and other undertakings as may in the opinion of the Servicing Agent be necessary or advisable or incidental to the carrying out of the Services pursuant to the Service Agency Agreement; and

(c) to the extent necessary to enable it properly to exercise its rights and carry out its duties under the Service Agency Agreement, to act for the Trustee and on the Trustee's behalf in the same manner and with the same force and effect as the Trustee might or could do.

The Servicing Agent will agree in the Service Agency Agreement to:

(a) provide the Services in accordance with all applicable laws and regulations;

(b) provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and

(c) manage the Wakala Assets in accordance with generally accepted *Shari'a* principles.

Service Agency Liabilities Amounts and fees

The Trustee and the Servicing Agent will agree that any Service Agency Liabilities Amounts incurred by the Servicing Agent in providing the Services shall be paid (or reimbursed) by the Trustee by way of the application of amounts standing to the credit of the Wakala Income Collection Account by the Servicing Agent on the Trustee's behalf on a Wakala Distribution Date following the repayment of any amounts advanced by way of a Liquidity Facility, as described below or otherwise on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all the Certificates are to be redeemed). For these purposes, "**Service Agency Liabilities Amounts**" means the amount of any actual claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent (excluding for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity costs) on behalf of the Trustee, in each case in providing the Services during a "**Wakala Distribution Period**" (being a period that corresponds with the Return Accumulation Period under the Certificates), but does not include amounts due to the Servicing Agent or any third party provider in respect of any Liquidity Facility.

DIFCI shall be entitled to receive a fixed fee of U.S.$100 for acting as Servicing Agent under the Service Agency Agreement. In addition, following payment of all amounts due and payable under the Certificates on the final Dissolution Date, the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Income Reserve Collection Account for its own account as an incentive payment for acting as Servicing Agent.

Asset substitutions

In the Service Agency Agreement the Trustee and the Servicing Agent will agree that, provided no Dissolution Event has occurred and is continuing:

(a) DIFCI may at any time exercise its rights under the Sale Undertaking to substitute any one or more of the Wakala Assets as the Servicing Agent may select, provided that any substitution of some (but not all) of the Leased Assets may only be effected on a Rental Instalment Period End Date;

(b) promptly following any default (other than any such default that is not material to DIFCI's obligations under the Transaction Documents) in respect of any Wakala Asset (other than a Self-Use Asset) or the arising of any circumstances which render the Servicing Agent unentitled to collect all Wakala Portfolio Revenues in respect of any Wakala Asset for and on behalf of the Trustee, DIFCI shall be required to use its best endeavours to substitute such Wakala Asset as soon as reasonably practicable, and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking;

(c) promptly upon the Servicing Agent becoming aware that any Wakala Asset relates to a business that is generating non-*Shari'a*-compliant cashflows, DIFCI shall be required to use its best endeavours to substitute such Wakala Asset as soon as reasonably practicable, and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking; and

(d) promptly upon the Servicing Agent becoming aware that the Seller is in breach of any of the representations and warranties contained in the Purchase Agreement in respect of any Wakala Asset, DIFCI shall be required to use its best endeavours to substitute such Wakala Asset as soon as reasonably practicable, and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking.

Collection Accounts

The Servicing Agent will maintain two ledger accounts (such accounts being the "**Wakala Income Collection Account**" and the "**Wakala Income Reserve Collection Account**", together, the "**Collection Accounts**") in its books, each of which shall be denominated in U.S. dollars in which all revenues from the Wakala Assets (the "**Wakala Portfolio Revenues**") will be recorded. The Wakala Portfolio Revenues include all rental and other amounts paid by the relevant lessee and all damages, compensation or other sums received by the Servicing Agent in respect of or otherwise in connection

with the Wakala Assets. All Wakala Portfolio Revenues will be recorded in the Wakala Income Collection Account.

In addition, certain amounts may be debited from the Wakala Income Collection Account and credited to the Wakala Income Reserve Collection Account.

Amounts standing to the credit of the Wakala Income Collection Account will be applied by the Servicing Agent on each Wakala Distribution Determination Date (being the Business Day immediately prior to the relevant Periodic Distribution Date) in the following order of priority:

(a) *first*, in repayment of any amounts advanced by way of a Liquidity Facility;

(b) *second*, in payment of any due but unpaid Service Agency Liabilities Amounts for the Wakala Distribution Period ending immediately before the immediately following "**Wakala Distribution Date**" (being the date which corresponds with the relevant Periodic Distribution Date);

(c) *third*, the Servicing Agent shall pay into the Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Wakala Income Collection Account; and

(d) *fourth*, any amounts still standing to the credit of the Wakala Income Collection Account immediately following payment of all of the above amounts shall be debited from the Wakala Income Collection Account and credited to the Wakala Income Reserve Collection Account.

The Servicing Agent may under the Service Agency Agreement deduct amounts standing to the credit of the Wakala Income Reserve Collection Account at any time and use such amounts for its own account, **provided that** it shall immediately re-credit such amounts if so required to fund a Shortfall (as described in the next paragraph) or upon the occurrence of a Dissolution Event or a Total Loss Event (as described below).

Shortfalls and Liquidity Facilities

If on a Wakala Distribution Determination Date (after (i) payment of the relevant amounts standing to the credit of the Wakala Income Collection Account into the Transaction Account and (ii) taking into account any other payments made or to be made into the Transaction Account pursuant to any other Transaction Document) there is a shortfall (a "**Shortfall**") between:

(a) the amounts standing to the credit of the Transaction Account; and

(b) the Required Amount payable on the immediately following Periodic Distribution Date,

the Servicing Agent will pay into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Wakala Income Reserve Collection Account (if any) (after re-crediting any amounts previously deducted as described above) an amount equal to the lesser of the Shortfall and the then balance of the Wakala Income Reserve Collection Account). If any Shortfall still remains after payment to the Transaction Account of the amounts credited to the Wakala Income Reserve Collection Account (as described in this paragraph) and after payment to the Transaction Account of all other amounts payable pursuant to any other Transaction Document, the Servicing Agent may either: (A) provide non-interest bearing (or otherwise *Shari'a* compliant) funding itself or (B) procure non-interest bearing (or otherwise *Shari'a* compliant) funding from a third party, in each case, to the extent necessary, by payment of the same into the Transaction Account, on terms that such funding is repayable: (i) from future excess Wakala Portfolio Revenues in accordance with the Service Agency Agreement; or (ii) on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all the Certificates are to be redeemed) through a deduction (by way of set-off) from the Exercise Price payable under the Sale Undertaking or the Purchase Undertaking, as applicable, to ensure that the Trustee receives on the Business Day prior to each Wakala Distribution Date the Required Amount payable by it in accordance with the Conditions on corresponding Periodic Distribution Date (such funding, a "**Liquidity Facility**").

Upon the occurrence of a Total Loss Event, all of the Wakala Portfolio Revenues credited to the Collection Accounts (including all amounts standing to the credit of the Wakala Income Reserve Collection Account) will be paid by the Servicing Agent immediately into the Transaction Account.

Payments under the Service Agency Agreement

The Servicing Agent will agree in the Service Agency Agreement that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for any Tax unless required by law and (save as set out therein) without set off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Servicing Agent shall pay all additional amounts

as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made. The payment obligations of the Servicing Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and unsecured obligations of the Servicing Agent which (save for exceptions as provided for by applicable law and subject to the negative pledge provisions included in Condition 6(b)) rank equally with all other present and future unsecured and unsubordinated obligations of the Servicing Agent.

Lease Agreement

The Lease Agreement will be entered into on the Issue Date by DIFCI (in its capacity as Lessee) and DIFC Sukuk Limited (in its capacities as Trustee and as Lessor) and will be governed by the laws of the DIFC.

Pursuant to the Lease Agreement, the Lessor will lease to the Lessee, and the Lessee will lease from the Lessor, the Self-Use Assets identified in the schedule of leased assets (the "**Schedule of Leased Assets**") set out in the Lease Agreement (the "**Leased Assets**") for the lease term commencing on the Issue Date and ending on (and including) the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are redeemed or any earlier date on which all of the Certificates are cancelled).

Subject to the following paragraph, if a Self-Use Asset is to be added to the Wakala Portfolio at any time after the Issue Date, the Lessor (acting through the Servicing Agent) and the Lessee will enter into an addendum (each an "**Addendum**") setting out the particulars of such Self-Use Asset. For this purpose, the Lessor will in the Service Agency Agreement grant the Servicing Agent the power to execute Addenda from time to time on the Lessor's behalf. Each reference in this Prospectus to the Lease Agreement shall be construed to include each Addendum to the Lease Agreement.

If at any time DIFCI proposes to add any one or more Self-Use Assets to the Wakala Portfolio either: (i) in substitution for all of the existing Leased Assets at that time; or (ii) at a time when there are no Leased Assets, the Lessor and Lessee shall enter into a supplemental lease agreement having substantially the same terms as the Lease Agreement (save for the list of assets set out in the Schedule of Leased Assets). Such supplemental lease agreement shall be deemed to amend, restate and replace the Lease Agreement for all purposes and, upon the entry into of it, each reference in the Transaction Documents to the "Lease Agreement" shall be construed to refer to that new lease agreement, save where the context does not permit.

Under the Lease Agreement, the Lessee has agreed to be responsible, at its own cost and expense, for the performance of all Ordinary Maintenance and Repair required for the Leased Assets.

The Lessor shall be responsible for (i) the performance of all Major Maintenance and Structural Repair, (ii) the payment of any proprietorship or other relevant taxes in relation to the Leased Assets and (iii) insuring the Leased Assets in accordance with the terms of the Service Agency Agreement, and the Lessee has acknowledged that the Lessor may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, the Major Maintenance and Structural Repair on behalf of the Lessor, the payment of such taxes and the taking out and maintenance of insurance of the Leased Assets.

The rental ("**Rental**") payable under the Lease Agreement will be payable on each Rental Payment Date (as defined in the Lease Agreement). The Rental for each rental instalment period (each a "**Rental Instalment Period**") will be an amount equal to the product of (i) the Rental Rate (being 4.325 per cent. per annum), (ii) the Leased Assets Face Amount (being the aggregate Value of the Leased Assets specified in the Schedule of Leased Assets as of the first day of the Rental Instalment Period) and (iii) the Day Count Fraction (being the number of days in the relevant Rental Instalment Period, as calculated on the basis of a year of 360 days with twelve 30-day months, divided by 360), in each case in respect of such Rental Instalment Period.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on the Issue Date by DIFCI in favour of DIFC Sukuk Limited (in its capacity as Trustee) and the Delegate and will be governed by English law and any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Purchase Undertaking will be referred for resolution as provided for therein.

Pursuant to the Purchase Undertaking and subject to the provisions contained therein, the Trustee and/or the Delegate, as the case may be, will, by exercising their rights under the Purchase

Undertaking, be able to oblige DIFCI to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio on the Scheduled Dissolution Date or any earlier Dissolution Date following the occurrence of a Dissolution Event in respect of the Certificates at the "**Wakala Portfolio Exercise Price**", which shall be an amount in U.S. dollars equal to the aggregate of:

(a) the aggregate outstanding face amount of the Certificates on the relevant Dissolution Date;

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates;

(c) (to the extent not previously satisfied in accordance with the Service Agency Agreement) the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; and

(d) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that DIFCI has received notification from the relevant party referred to in such Conditions of such amounts in accordance with the terms of the Purchase Undertaking.

If the Delegate exercises its option prior to the Scheduled Dissolution Date, an Exercise Notice will be required to be delivered by the Delegate under the Purchase Undertaking.

The Trustee (or the delegate on behalf of the Certificateholders) will also be entitled to exercise its aforementioned entitlements under the Purchase Undertaking following any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Change of Control Put Right Date, in which case DIFCI will be required to purchase a portion of the Wakala Portfolio (such portion to comprise the "**Change of Control Wakala Assets**") with an aggregate Value no greater than the aggregate face amount of the Certificates to be redeemed. The exercise price (the "**Change of Control Exercise Price**" and, together with the Wakala Portfolio Exercise Price, each an "**Exercise Price**") payable for the Change of Control Wakala Assets will be calculated on a similar basis to the Wakala Portfolio Exercise Price save that the amounts described in paragraph (c) of that definition shall only apply in the event that 100 per cent. of Certificateholders exercise their right to require the Trustee to redeem their Certificates.

DIFCI will undertake in the Purchase Undertaking that if:

(a) the sale and purchase, or transfer and assignment, of any rights, title, interests, benefits and entitlements in, to and under any of the Wakala Assets comprising the Initial Wakala Portfolio from DIFCI (in its capacity as seller) to the Trustee under the Purchase Agreement is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason (other than as a result of a Total Loss Event occurring on or prior to the date of the sale and purchase, or transfer and assignment) (the "**Initial Defective Sale**"); or

(b) the sale and purchase (or purported sale and purchase), or transfer and assignment (or purported transfer and assignment), of any rights, title, interests, benefits and entitlements in, to and under any of (i) the Wakala Assets comprising the Wakala Portfolio or the Change of Control Wakala Assets, the New Wakala Assets or the Substituted Wakala Assets (each as defined in the Purchase Undertaking) pursuant to the exercise (or purported exercise, as the case may be) of the Purchase Undertaking by the Trustee or the Delegate (as applicable); or (i) the Wakala Assets comprising the Wakala Portfolio, the Cancellation Wakala Assets, the New Wakala Assets or the Substituted Wakala Assets (each as defined in the Sale Undertaking) pursuant to the exercise (or purported exercise, as the case may be) of the Sale Undertaking by DIFCI, is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason, or if such sale and purchase, or transfer and assignment, or such rights, title, interests, benefits and entitlements cannot be effected in any jurisdiction for any reason (in each case other than as a result of a Total Loss Event occurring on or prior to the date of the sale and purchase, or transfer and assignment), including, without limitation, by reason of any Initial Defective Sale or any expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets (a "**Subsequent Defective Sale**"),

and as a result of either the Initial Defective Sale or a Subsequent Defective Sale, the Trustee or the Delegate (as applicable) is unable to realise in full, or does not actually receive in full, the relevant Exercise Price which is expressed to be due and payable under the Purchase Undertaking at the relevant time, DIFCI shall:

(A) in respect of the Initial Defective Sale, immediately on demand, make payment to the Trustee or the Delegate (as applicable) (each acting as trustee for the Certificateholders) of an amount equal to the Purchase Price (as defined in the Purchase Agreement) by way of restitution; and

(B) in respect of any Subsequent Defective Sale, immediately on demand, indemnify fully the Trustee or the Delegate (as applicable) (each acting as trustee for the Certificateholders) for the relevant Exercise Price expressed to be due and payable under the relevant undertaking at the relevant time (without double counting any amounts actually received pursuant to paragraph (A) above).

In addition, if DIFCI fails to pay all or part of any Exercise Price that is due in accordance with the Purchase Undertaking and provided that no sale agreement has been entered into pursuant to the Purchase Undertaking, then DIFCI will agree in the Purchase Undertaking that it will irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Servicing Agent for the provision of the Services in respect of the Wakala Portfolio on the terms and conditions, *mutatis mutandis*, of the Service Agency Agreement and any Leased Assets shall continue to be leased by the Lessor to the Lessee pursuant to the terms of the Lease Agreement.

DIFCI will expressly declare in the Purchase Undertaking that:

(a) the relevant Exercise Price represents a fair price for the purchase of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio or the Change of Control Wakala Assets, as the case may be;

(b) it shall irrevocably and unconditionally fully accept all or any ownership interest the Trustee may have in the Wakala Portfolio or the Change of Control Wakala Assets, as the case may be, and, accordingly, shall not dispute or challenge all or any ownership interest the Trustee may have in any way; and

(c) if it breaches any declaration or undertaking set out above or if it or any administrator, liquidator or receiver of it disputes or challenges the rights, benefits and entitlements of the Trustee in, to and under the Wakala Portfolio or the Change of Control Wakala Assets, as the case may be, DIFCI shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

DIFCI will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and (save as set out therein) without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, DIFCI shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made. The payment obligations of DIFCI under the Purchase Undertaking will be direct, unconditional, unsubordinated and unsecured obligations of DIFCI which (save for exceptions as provided for by applicable law and subject to the negative pledge provisions included in Condition 6(b)) rank equally with all other present and future unsecured and unsubordinated obligations of DIFCI.

DIFCI has agreed in the Purchase Undertaking that it shall comply with the covenants more particularly described in Condition 6(b).

Sale Undertaking

The Sale Undertaking will be executed as a deed on the Issue Date by DIFC Sukuk Limited (in its capacity as Trustee) in favour of DIFCI and will be governed by English law.

Provided there has been no Total Loss Event and pursuant to the Sale Undertaking and subject to the Trustee being entitled to redeem the Certificates for tax reasons in accordance with Condition 8(b), DIFCI will, by exercising its right under the Sale Undertaking and serving an Exercise Notice on the Trustee no later than 45 days prior to the relevant Dissolution Date, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio at the Exercise Price. In addition, if 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c) (and/or previously purchased and cancelled pursuant to Condition 8(g)), DIFCI will, by exercising its right under the Sale Undertaking and serving an Exercise Notice on the Trustee no later than 45 days prior to the relevant Dissolution Date (which Exercise Notice must be delivered within 20 days of the Change of Control Put Right

Date), be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio at the Exercise Price.

For these purposes, the "**Exercise Price**" will be an amount equal to the aggregate of:

(a) the aggregate outstanding face amount of the Certificates on the relevant Dissolution Date;

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates;

(c) (to the extent not previously satisfied in accordance with the Service Agency Agreement) the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; and

(d) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that DIFCI has received notification from the relevant party referred to in such Conditions of such amounts in accordance with the terms of the Sale Undertaking.

DIFCI will be able to exercise its rights under the Sale Undertaking to effect the substitution of Wakala Assets, subject to any substitute Wakala Assets being of a Value not less than the Value of the Wakala Assets to be substituted. DIFCI will also be able to exercise its rights under the Sale Undertaking (following any purchase of Certificates by DIFCI pursuant to Condition 8(g) to provide for the transfer of the Cancellation Wakala Assets (as defined in the Sale Undertaking), together with all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased, against cancellation of such Certificates by the Principal Paying Agent pursuant to the Conditions.

Declaration of Trust

The Declaration of Trust will be entered into on the Issue Date between DIFCI, the Trustee and the Delegate and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets comprise (i) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Portfolio; (ii) the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by DIFCI to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 18.1 of the Declaration of Trust); and (iii) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

The Declaration of Trust shall provide that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available therefor from the Trust Assets, subject to the priority of payments set out in the Declaration of Trust. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Declaration of Trust, 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) or any other person to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

(a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the provisions of the Declaration of Trust and the Conditions; 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 Declaration of Trust and the Conditions.

In the Declaration of Trust, the Trustee shall irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers, authorities and discretions vested in the Trustee by the relevant provisions of the Declaration of Trust (including but not limited to the authority to request directions from any Certificateholders and the power to sub-delegate and

to make any determinations to be made under the Declaration of Trust). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and, subject to certain provisions of the Declaration of Trust, does not affect the Trustee's continuing role and obligations as trustee.

Pursuant to the Declaration of Trust:

(a) upon the occurrence of a Dissolution Event, and upon receiving notice thereof under the Declaration of Trust or otherwise upon becoming aware thereof, the Delegate shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) give notice of the occurrence of the Dissolution Event to the Certificateholders and, if so requested in writing by Certificateholders holding at least 25 per cent., of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution (subject in either case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a "**Dissolution Notice**") to the Trustee, DIFCI and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable; and upon receipt of such notice, the Trustee (failing which the Delegate) shall deliver an Exercise Notice under the Purchase Undertaking and shall use the proceeds of such exercise to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the Dissolution Notice;

(b) upon the occurrence of a Dissolution Event, the Delegate may or shall upon being directed to do so by Certificateholders holding at least 25 per cent. of the then aggregate face amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution (subject, in either case, to it being indemnified and/or secured and/or pre-funded to its satisfaction) shall (i) enforce the provisions of the Purchase Undertaking against DIFCI and/or (ii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

A Transaction Account will be established in the name of the Trustee. Monies received in the Transaction Account will, *inter alia*, comprise payments of Periodic Distribution Amounts and Dissolution Distribution Amounts (if any) immediately prior to each Periodic Distribution Date. The Declaration of Trust shall provide that all monies credited to the Transaction Account from time to time will be applied in the order of priority set out in the Declaration of Trust.

Agency Agreement

The Agency Agreement will be entered into on the Issue Date between the Trustee, DIFCI, the Delegate, the Principal Paying Agent, the Registrar and the Transfer Agent.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate and deliver the Global Certificate and, if any, each Definitive Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums due under such Global Certificate; and the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Global Certificate and issue Definitive Certificates in accordance with each request.

On the Issue Date, the Registrar will (i) authenticate the Global Certificate in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificate to the Common Depositary.

DIFCI shall cause to be deposited into the Transaction Account opened by the Trustee with the Principal Paying Agent, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the redemption of the Certificates, apply the monies standing to the credit of the Transaction Account in accordance with the order of priority set out in the Declaration of Trust.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates as in effect on the date of this Prospectus and is subject to any change in law or relevant fiscal rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax considerations relating to the Certificates and does not constitute legal or tax advice. Prospective purchasers of the Certificates should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the DIFC and of the United Arab Emirates of acquiring, holding and disposing of Certificates and receiving payments under the Certificates.

United Arab Emirates (excluding the DIFC)

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments made by DIFCI under the Transaction Documents to which it is a party and/or the Trustee under the Certificates.

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

If any such withholding or deduction is required to be made in respect of payments due by (i) the Obligor under the Transaction Documents to which it is a party; or (ii) the Trustee under the Certificates, DIFCI has undertaken in the Transaction Documents to make gross up payments to compensate for any such withholding.

DIFC

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the DIFC Law), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from September 13, 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Issuer under the Notes are subject to any DIFC tax, whether by withholding or otherwise.

If any such withholding or deduction is required to be made in respect of payments due by (i) the Obligor under the Transaction Documents to which it is a party; or (ii) the Trustee under the Certificates, DIFCI has undertaken in the Transaction Documents to make gross up payments to compensate for any such withholding.

EU Savings Directive

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of certain payments of interest and other similar income (which may include Periodic Distribution Amounts) paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in another EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may

fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

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

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. 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.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 10 November 2014 between the Trustee, DIFCI, Dubai Islamic Bank P.J.S.C., Emirates NBD Capital Limited, Noor Bank P.J.S.C. and Standard Chartered Bank (together, the "**Joint Lead Managers**"), the Trustee has agreed to issue and sell to the Joint Lead Managers U.S.$700,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers have jointly and severally agreed to subscribe for the Certificates.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to pay for and accept delivery of the Certificates are subject to the approval of certain legal matters by their counsel and certain other conditions. The Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. The Joint Lead Managers will also be reimbursed in respect of certain of their expenses, and each of the Trustee and DIFCI has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue and offering of the Certificates.

Certain Joint Lead Managers may retain a certain proportion of such Certificates in their portfolios with an intention to hold to maturity and/or to trade. The holding of Certificates by these parties may adversely affect the liquidity of the Certificates and any sale of a material number of such Certificates in the future may also affect the prices of the Certificates in the secondary market. See "*Risk Factors—Risks Relating to the Certificates—Absence of secondary market/limited liquidity*".

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to DIFCI, and/or its respective affiliates in the ordinary course of business.

Selling Restrictions

United States

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

Each Joint Lead Manager has represented and agreed that it has not offered and sold any Certificates, and will not offer or sell any Certificates as part of its distribution at any time except in accordance with Rule 903 of Regulation S.

The foregoing restrictions apply to holders of beneficial interests in the Certificates, as well as holders of the Certificates.

Each Joint Lead Manager has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificates.

Until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by any dealer/manager (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.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Certificate in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or DIFCI; and

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

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed 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 Joint Lead Manager has represented and agreed 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**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Kingdom of Bahrain

Each Joint Lead Manager has represented and agreed 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;

(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).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia ("**Saudi Arabia**") that would permit a public offering of the Certificates. Any investor in 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 being made as a private placement by way of an "offer restricted to sophisticated investors" pursuant to Article 10 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Markets Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

Each Joint Lead Manager has represented and agreed that any offer of Certificates to a Saudi Investor will be made in compliance with the KSA Regulations. The offer of Certificates shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations, including as follows:

(a) a Saudi Investor (referred to as a "**transferor**") who has acquired Certificates pursuant to a private placement may not offer or sell those Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:

    (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

    (ii) the Certificates are offered or sold to a sophisticated investor; or

    (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;

(b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

(c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his/her entire holding of Certificates to one transferee; and

(d) the provisions of paragraphs (a), (b) and (c) (inclusive) above shall apply to all subsequent transferees of the Certificates.

State of Qatar

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell or deliver, directly or indirectly, any Certificates in the State of Qatar including the Qatar Financial Centre, except: (i) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than (i) to ''professional investors'' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the ''**SFO**'') and any rules made under the SFO; or (ii) 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 or which do not constitute an offer to the public within the meaning of that Ordinance; 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, 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the ''**SFA**''). Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell such Certificates or cause such 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 Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Malaysia

Each Joint Lead Manager has represented and agreed that:

(a) this Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia (the "**SC**") under the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**"); and

(b) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons 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) read together with Schedule 8 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 Joint Lead Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

General

Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in force in any jurisdiction in which it acquires, offers, sells or delivers Certificates or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates and will obtain any consent, approval or permission required by it for the acquisition, offer, sale or delivery by it of any Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes such acquisition, offer, sale or delivery and none of the Issuer, the Trustee, the Delegate or any of the other Joint Lead Managers shall have any responsibility therefor.

None of the Issuer, the Trustee, DIFCI or any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers, the Issuer, the Trustee or DIFCI that would permit a public offering of the Certificates, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates, in any country or jurisdiction where action for that purpose is required.

GENERAL INFORMATION

Approval of the Prospectus, Admission to Trading and Listing of Certificates

Application has been made to the DFSA for the Certificates to be admitted to the Official List and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai. It is expected that the listing of the Certificates on the Official List and admission of the Certificates to trading on NASDAQ Dubai will be granted on or around 13 November 2014, subject only to the issue of the Global Certificate. The total expenses relating to the admission to trading of the Certificates on NASDAQ Dubai are estimated to be U.S.$7,000.

Authorisation

The issue of the Certificates has been duly authorised by a resolution of the Board of Directors of the Trustee dated 12 October 2014. DIFC Sukuk Limited, in its capacity as Issuer and Trustee, has obtained all necessary consents, approvals and authorisations in the DIFC in connection with the issue and performance of the Certificates and the execution and performance of the Transaction Documents to which it is a party.

DIFCI has obtained all necessary consents, approvals and authorisations in connection with the Transaction Documents; the entry into and performance of the Transaction Documents to which DIFCI is a party was duly authorised by a resolution of the Board of Managers of DIFCI dated 2 October 2014.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) under Common Code 112040331 and ISIN XS 1120403313.

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, LI 855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of DIFCI since 30 June 2014, and no material adverse change in the prospects of DIFCI since 31 December 2013. There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case since the date of its incorporation.

Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

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

Auditors

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee has no subsidiaries. The Trustee is not required by DIFC law, and does not intend, to publish audited financial statements or appoint any auditors.

Ernst & Young Middle East (Dubai Branch) of 28th Floor, Al Saqr Business Tower, Sheikh Zayed Road, P.O. Box 9267, Dubai, UAE, is regulated as an auditor in the UAE by the UAE Ministry of Economy. There is no professional institute of auditors in the UAE and, accordingly, Ernst & Young Middle East (Dubai Branch) is not a member of a professional body in the UAE. All of Ernst & Young's Middle East (Dubai Branch) audit partners are members of the institutes from which they received their professional qualification. Ernst & Young Middle East (Dubai Branch) have audited the consolidated financial statements of DIFCI as of and for the years ended 31 December 2013 and 2012 in accordance with International Standards on Auditing, as stated in their unqualified reports as

included herein. The unaudited interim condensed consolidated financial statements of DIFCI and its subsidiaries as at and for the six-month period ended 30 June 2014 have been reviewed by Ernst & Young Middle East (Dubai Branch) in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as stated in their report included in this Prospectus.

Documents Available

For so long as any Certificates remain outstanding copies (and English translations, which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and/or collection at the office of the Principal Paying Agent:

(a) the Articles of Association of the Trustee;

(b) the Articles of Association of DIFCI;

(c) the Transaction Documents;

(d) the unaudited interim condensed consolidated financial statements of DIFCI and its subsidiaries as at and for the six-month period ended 30 June 2014;

(e) the audited consolidated financial statements of DIFCI and its subsidiaries as of and for the financial years ended 31 December 2013 and 31 December 2012;

(f) the unaudited interim condensed financial statements of each of RoC and RoRP as at and for the six-month period ended 30 June 2014;

(g) the audited financial statements of each of RoC and RoRP as of and for the financial years ended 31 December 2013 and 31 December 2012; and

(h) a copy of this Prospectus together with any supplement to this Prospectus.

Joint Lead Managers transacting with the Issuer and DIFCI

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Trustee, DIFCI and their affiliates in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions. In particular, in the ordinary course of their business activities, the Joint Lead Managers 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, DIFCI and their affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Trustee, DIFCI and their affiliates routinely hedge their credit exposure to the Trustee, DIFCI and their affiliates consistent with their customary risk management policies.

Typically, such Joint Lead Managers 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 to be issued. Any such short positions could adversely affect future trading prices of Certificates to be issued. The Joint Lead Managers 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.

Shari'a Approvals

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Committee of the Fatwa and Shariah Advisory Board of Dubai Islamic Bank P.J.S.C., Dar Al Sharia Legal & Financial Consultancy, the Fatwa and Sharia Supervisory Board of Noor Bank P.J.S.C. and the Shari'a Supervisory Committee of Standard Chartered Bank. 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.

Description of the members of the Executive Committee of the Fatwa and Shariah Advisory Board of Dubai Islamic Bank P.J.S.C., Dar Al Sharia Legal & Financial Consultancy, the Fatwa and Shari'a Supervisory Board of Noor Bank P.J.S.C. and the Shari'a Supervisory Committee of Standard Chartered Bank

The Executive Committee of the Fatwa and Shariah Advisory Board of Dubai Islamic Bank P.J.S.C., Dar Al Sharia Legal & Financial Consultancy

Dr. Hussain Hamed Hassan

Dr. Hussain Hamed Hassan holds a PhD and is the head of the Fatwa and Sharia Supervisory Board of Dubai Islamic Bank P.J.S.C. and a member of Fatwa and Sharia boards of numerous other leading global Islamic finance institutions including Islamic Development Bank (IDB), Jeddah.

For over 50 years, he has advised various central banks and regulators, has supervised the establishment and conversion of various Islamic financial institutions and advised presidents of various Islamic Republics. He has established Islamic universities and faculties worldwide, including in Makkah, Islamabad, Kazakhstan and Libya. He is member of Accounting and Auditing Organisation for Islamic Financial Institutions and the Islamic Financial Services Board, the International Fiqh Academy of OIC (Organisation of Islamic Cooperation), the Fiqh Academy of Muslim World League, Saudi Arabia and is also a President of American Muslim Jurists Association. Dr. Hussain has authored 21 books and over 400 articles, has supervised translation of the Holy Quran into Russian and of 200 Islamic books into various languages.

Dr. Mohamed Zoeir

Dr. Mohamed Zoeir holds a PhD in Islamic Economy and is a member of many Islamic Banks across the Middle East and Africa and he has many researches and studies in Islamic Finance and banking. He is a Sharia inspector, Secretary General of Board of Sharia at Dubai Islamic Bank P.J.S.C. and Chief Editor of Islamic Economics magazine.

Dr. Muhammad Qaseem

Dr. Muhammad Qaseem holds a PhD in Islamic Studies from Faculty of Usul ud Dinis, country head of Sharia of Dubai Islamic Bank Pakistan Limited (DIBPL) and served as Sharia Board member of many other institutions. He also has written various articles on Islamic Banking.

He has been teaching various courses in various BA and MA programmes of International Islamic University, Islamabad (IIUI). Dr. Muhammad Qaseem has many academic contributions, articles and literary and translation work.

The Fatwa and Shari'a Supervisory Board of Noor Bank P.J.S.C.

Dr. Mohammed Ali Elgari

Dr. Mohammed Ali Elgari holds a PhD from the University of California. Dr. Mohamed Ali Elgari is a former director of the Center for Research in Islamic Economics at King Abdulaziz University in Saudi Arabia, where he also served as a Professor of Islamic Economics. He is an Expert at the Islamic Jurisprudence Academy of the OIC and the Islamic Jurisprudence Academy of the Islamic World League. He has published numerous articles and books on Islamic banking and finance and is the editor of the Review of Islamic Economics and a member of the Academic Committee of Islamic Development Bank.

Dr. Abdul Sattar Abu Ghuddah

Dr. Abdul Sattar Abu Ghuddah holds a PhD in Islamic Law from Al Azhar University Cairo, Egypt. He is a professor of Fiqh, Islamic studies and Arabic in Riyadh and an active member of the Jeddah-based Islamic Fiqh Academy and the Accounting & Auditing Standards Board of Islamic Financial Institutions. He also served in the Ministry of Awqaf, Kuwait. Dr. Abu Ghuddah has written several books on Islamic finance. He is a *Shari'a* Advisor to several international and local financial institutions world-wide.

Dr. Mohammed Daud Bakar

Dr. Mohd Daud Bakar received his first degree in *Shari'a* from University of Kuwait and PhD from University of St. Andrews. In 2002, he completed his external Bachelor of Jurisprudence at the University of Malaya. He is currently Group Chairman of Amanie Advisors, a global Islamic finance consulting firm. He is also currently the Chairman of the Shari'a Advisory Council at the Central Bank of Malaysia, and the Securities Commission of Malaysia and the Labuan Financial Services

Authorities. He is also a member of the Shariah board of many Islamic financial institutions around the world. He was previously Deputy Vice- Chancellor at the International Islamic University Malaysia.

Dr. Mohammed Abdulrahim Sultan Al Olama

Dr. Mohammed Abdulrahim Sultan Al Olama completed his Bachelor's degree in *Shari'a* from Islamic University in Madina Al-Munawara, and his Master's and PhD in Islamic Finance from Ummul-Qura University. He is an Associate Professor at UAE University's Islamic Studies department, and participates in seminars and research activities around the world. A published author, he is a member of several *Shari'a* Boards.

Shari'a Supervisory Committee of Standard Chartered Bank

Dr. Abdul Sattar Abu Ghuddah

Please see the description of Dr. Abdul Sattar Abu Ghuddah set out above.

Dr. Mohammed Ali Elgari

Please see the description of Dr. Mohammed Ali Elgari set out above.

Sheikh Nizam Yaquby

Sheikh 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 & Comparative Religions from McGill University, Canada. He has served in Bahrain Mosques from 1981 to 1990 where he taught Tafsir, Hadith and Fiqh in Bahrain since 1976. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, Sheikh Nizam Yaquby is a member of the Islamic Fiqh Academy and Auditing and Accounting Organisation for Islamic Financial Institutions. He has published several articles and books on various Islamic subjects including banking and finance.

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DIFC Investments LLC
and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2014 (UNAUDITED)

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE OWNER OF DIFC INVESTMENTS LLC

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of DIFC Investments LLC (the "Company") and its subsidiaries (the "Group") as of 30 June 2014 and the related consolidated interim income statement, consolidated interim statements of comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

13 October 2014

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

INTERIM CONSOLIDATED INCOME STATEMENT
For the six months period ended 30 June 2014 (Unaudited)

	Notes	*Six months ended 30 June*	
		2014 *USD'000*	*2013* *USD'000*
CONTINUING OPEARTIONS			
Revenue			
Income from investment properties	8	70,228	77,806
Fees and other income		19,305	17,914
		89,533	95,720
Cost of sales		(7,812)	(6,450)
Gross profit		81,721	89,270
Fair value gain on investment properties	8	123,851	148,420
Gain from investments and derivatives - net	3	5,244	15,104
Depreciation expense		(73)	(262)
Other general and administration expenses		(26,926)	(100,054)
Foreign exchange gains / (losses) - net		991	(1,709)
Operating profit		184,808	150,769
Finance income		332	349
Finance cost		(48,674)	(56,291)
Finance cost – net		(48,342)	(55,942)
Share of results of joint venture		560	(145)
Profit before tax from continuing operations		137,026	94,682
Income tax expense		(4)	(4)
Profit for the period from continuing operations		137,022	94,678
DISCONTINUED OPEARTIONS			
Loss for the period from discontinued operations		-	-
PROFIT FOR THE PERIOD		137,022	94,678
Attributable to the Owner of the Parent from:			
Continuing operations		136,865	94,775
Discontinued operations		-	-
		136,865	94,775
Attributable to non-controlling interests		157	(97)
		137,022	94,678

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months period ended 30 June 2014 (Unaudited)

	Six months ended 30 June	
	2014 ***USD'000***	*2013* *USD'000*
Profit for the period	**137,022**	94,678
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation movements	**(724)**	1,254
Net other comprehensive income to be reclassified to profit or loss in subsequent period	**(724)**	1,254
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income	**(20,000)**	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent period	**(20,000)**	-
Other comprehensive income for the period	**(20,724)**	1,254
Total comprehensive income for the period	**116,298**	95,932
Attributable to		
Owner of the Parent	**116,141**	96,029
Non-controlling interests	**157**	(97)
	116,298	95,932

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014 (Unaudited)

	Notes	30 June 2014 USD'000 (Unaudited)	31 December 2013 USD'000 (Audited)
ASSETS			
Cash and cash equivalents	4	**102,021**	87,091
Investment securities	5	**194,915**	286,228
Trade, other receivables and other assets		**48,252**	44,443
Investment in joint ventures		**1,370**	811
Goodwill	7	**5,472**	5,472
Investment properties	8	**2,438,781**	2,313,886
Property, plant and equipment		**12,170**	12,156
Assets classified as held for sale	9	**69,862**	69,862
TOTAL ASSETS		**2,872,843**	2,819,949
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Owner of the Parent			
Share capital		**200,000**	200,000
Other reserves	10	**(17,989)**	2,735
Retained earnings		**888,521**	751,961
		1,070,532	954,696
Non-controlling interests		**431**	228
Total equity		**1,070,963**	954,924
Liabilities			
Due to the Government of Dubai	11	**570,548**	570,048
Due to banks and other financial institutions	12	**652,872**	783,217
Derivative liabilities	6	**7,209**	7,118
Trade, other payables and other liabilities		**501,389**	434,780
Liabilities directly associated with assets classified as held for sale	9	**69,862**	69,862
Total liabilities		**1,801,880**	1,865,025
TOTAL EQUITY AND LIABILITIES		**2,872,843**	2,819,949

These interim condensed consolidated financial statements were approved by the Board of Directors on 13 October 2014 and signed on its behalf by:

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2014 (Unaudited)

	Notes	*Six months ended 30 June* 2014 USD'000	2013 USD'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		137,026	94,682
Adjustments for:			
Depreciation		73	262
Share of results of joint venture		(560)	145
Provision for / (reversal of) lease losses		1,050	(5,187)
Fair value gains on investment securities - net	3	(4,450)	(5,502)
Changes in fair value of derivative financial instruments	3	91	(3,563)
Dividend income	3	(885)	(6,039)
Finance income		(332)	(349)
Finance cost		48,674	56,291
Impairment of advances and other receivables - net		700	1,612
Provision for employees' end of service benefits		65	24
Fair value gain on investment properties	8	(123,851)	(148,420)
Amortisation of deferred cost		2,770	2,819
Exchange and other adjustments		(724)	1,254
		59,647	(11,971)
Changes in operating assets and liabilities:			
Trade and other receivables and other assets		(4,509)	(3,526)
Trade and other payables and other liabilities		34,471	99,018
Net cash generated from operations		89,609	83,521
Employees' end of service benefits paid during the year		(14)	(32)
Transfer of employees' end of service benefits to related parties		118	-
Net cash generated from operating activities		89,713	83,489
INVESTING ACTIVITIES			
Investment securities (including investments in associates and joint ventures) - net		75,763	(129)
Net cash received on disposal of subsidiary		-	12,000
Additions to property, plant and equipment and investment properties		(1,131)	(566)
Payment for acquisition of non controlling interest		(259)	-
Dividend received		885	6,039
Finance income received		332	349
Net cash generated from investing activities		75,590	17,693
FINANCING ACTIVITIES			
Repayment to banks and other financial institutions		(133,115)	(66,646)
Finance cost paid		(17,258)	(25,194)
Dividend paid to non controlling interest		-	(375)
Net cash used in financing activities		(150,373)	(92,215)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,930	8,967
Cash and cash equivalents at the beginning of the period		87,540	84,930
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		102,470	93,897

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2014 (Unaudited)

	Attributable to the owner of the Parent					
	Share capital USD '000	*Other reserves USD '000 (see note 10)*	*Retained earnings USD '000*	*Total USD '000*	*Non-controlling interests USD '000*	*Total equity USD '000*
At 1 January 2014	200,000	2,735	751,961	954,696	228	954,924
Profit for the period	-	-	136,865	136,865	157	137,022
Changes in fair value of financial assets at fair value through other comprehensive income	-	(20,000)	-	(20,000)	-	(20,000)
Currency translation movements	-	(724)	-	(724)	-	(724)
Other comprehensive income for the period	-	(20,724)	-	(20,724)	-	(20,724)
Total comprehensive income for the period	-	(20,724)	136,865	116,141	157	116,298
Acquisition of non-controlling interest (note 1)		-	(305)	(305)	46	(259)
At 30 June 2014	**200,000**	**(17,989)**	**888,521**	**1,070,532**	**431**	**1,070,963**

The attached explanatory notes 1 to 17 form part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2014 (Unaudited)

	Attributable to the owner of the Parent					
	Share capital USD '000	*Other reserves USD '000 (see note 10)*	*Retained earnings USD '000*	*Total USD '000*	*Non-controlling interests USD '000*	*Total equity USD '000*
At 1 January 2013	200,000	5,725	513,534	719,259	776	720,035
Profit for the period	-	-	94,775	94,775	(97)	94,678
Currency translation movements	-	1,254	-	1,254	-	1,254
Other comprehensive income for the period	-	1,254	-	1,254	-	1,254
Total comprehensive income for the period	-	1,254	94,775	96,029	(97)	95,932
Dividend paid to non-controlling interests	-	-	-	-	(375)	(375)
At 30 June 2013	**200,000**	**6,979**	**608,309**	**815,288**	**304**	**815,592**

The attached explanatory notes 1 to 17 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

DIFC Investments LLC (the "Company") was established on 27 November 2005, as a Company Under Formation under the Companies Law, DIFC Law No. 3 of 2006 and was subsequently formally incorporated as a limited liability company by the Registrar of Companies of the Dubai International Financial Centre ("DIFC") on 22 May 2006. The Company is legally a wholly owned subsidiary of the Dubai International Financial Centre Authority ("DIFCA"). It is, however, held by DIFCA for the beneficial interest of the Government of Dubai and therefore is not consolidated in the financial statements of DIFCA.

The principal activities of the Company are to possess, own, sell and lease land and any other immovable and movable properties, and develop such properties in order to achieve the objectives of the Dubai International Financial Centre ("DIFC") and to deal in financial instruments, invest in and incorporate banking, investment and other financial projects and companies.

The Company's registered office is at Level 14, The Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements incorporate the results and the financial position of the Company and its subsidiaries (together the "Group").

The details of the significant subsidiaries of the Company which have been consolidated in these financial statements are given below:

	Direct / indirect ownership / beneficial interest			
Name	*30 June 2014*	*31 December 2013*	*Country of incorporation*	*Principal activities*
DIFC Lifestyle LLC	100%	100%	DIFC, UAE	Intermediate holding company
Gate Media LLC	100%	100%	DIFC, UAE	Production, advertisement, design, communication and all audio / video related media platforms and products
Emirates Consulting Group LLC (DIFC)	100%	75%	DIFC, UAE	Labor contracting, recruitment process and outsourcing
DIFC Connections Korlatolt FelosseguTarsasag	100%	100%	Hungary	Intermediate holding company
DIFC Global Limited	100%	100%	United Kingdom	General commercial company
GCF Management Limited	100%	100%	DIFC, UAE	Advising on financial and investment products or credit
The First Technologies Trading (L.L.C)	100%	100%	Dubai, UAE	General trading
DIFC Investments – Dubai (L.L.C)	100%	100%	Dubai, UAE	To invest in commercial, agriculture and industrial holding and trust companies
D-Clear LLC	100%	100%	DIFC, UAE	Investment in technology, e-commerce, research and development and information technology

1 CORPORATE INFORMATION (continued)

Name	*Direct / indirect ownership / beneficial interest* 30 June 2014	31 December 2013	*Country of incorporation*	*Principal activities*
DIFC Global Limited (Liquidated in 2013)	-	-	Hong Kong	Intermediate holding company and purchase, lease of properties
DIFC Art LLC	100%	100%	DIFC, UAE	Art exhibitions, art logistics, art investments, art club and education
Art Dubai LLC	100%	100%	DIFC, UAE	Intermediate holding company
Kuwait Investments LLC	100%	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
European Investments LLC	100%	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
DIFC Global LLC	100%	100%	DIFC, UAE	Holding company for all overseas business centres owned by the Company
Tech Point LLC	100%	100%	Dubai, UAE	Computer software and equipment trading and data processing
Tech Fort LLC	100%	100%	Dubai, UAE	Computer software and equipment trading and data processing

DIFC Lifestyle LLC owns 60.36% of Villa Moda Lifestyle K.S.C. (closed) which has the following significant subsidiaries:

Subsidiary	**Country of incorporation**	**Principal activities**
Villa Moda General Trading Company WLL	Kuwait	General trading and contracting
Villa Moda Gulf WLL	Kuwait	General trading and contracting
Villa Moda Syria LLP	Syria	Trading in luxury readymade garments and accessories
Villa Moda Fashion Company Bahrain WLL	Bahrain	Trading in luxury readymade garments and accessories
Villa Moda Qatar WLL	Qatar	Trading in luxury readymade garments and accessories

1 CORPORATE INFORMATION (continued)

Gate Media LLC owns 75% of CPI Financial FZ LLC, a company incorporated in Dubai, UAE. CPI Financial FZ LLC is involved in publishing of financial magazines and other materials for the Middle East region through both print and digital media.

Emirates Consulting Group LLC (DIFC) owns 100% of Emirates Consulting Group LLC (UAE), a company incorporated in Dubai, UAE and involved in the provision of labor contracting and recruitment process and outsourcing services.

DIFC Connections Korlatolt FelosseguTarsasag owns 100% of BHB Bedford Properties Inc. which owns 100% of BHB Master Partnership LLC, which in turn wholly owns BHB Owner LLC. BHB Bedford Properties Inc., BHB Master Partnership LLC and BHB Owner LLC are all incorporated in United States of America. BHB Bedford Properties Inc. is an intermediate holding company while the principal activity of BHB Master Partnership LLC and BHB Owner LLC is to hold investment properties.

During the six months period ended 30 June 2014, the Group acquired the remaining 25% of the shares of Emirates Consulting Group LLC (DIFC) increasing the Group's shareholding to 100%. The consideration for such acquisition amounted to USD 259 thousand and the difference between the consideration and the carrying value of non-controlling interest so acquired was credited to Group's equity.

2 ACCOUNTING POLICIES

a) Statement of Compliance
The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. These interim condensed financial statements do not contain all information and disclosures required for full annual audited financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2013. In addition, results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

b) Use of estimates and judgment
The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2013.

c) Significant accounting policies
The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2013 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2014. The adoption of these standards and interpretations did not have any significant impact on the financial position or performance of the Group during the current period.

The Group has not adopted the new accounting standards or interpretations that have been issued but are not yet effective except for IFRS9 (2010) "*Financial Instruments*" which has been early adopted by the Group in prior periods. These standards and interpretations are not likely to have any significant impact on the consolidated financial statements of the Group in the period of their initial application.

3 GAIN FROM INVESTMENTS AND DERIVATIVES – NET

	Six months ended 30 June	
	2014 ***USD'000*** ***(Unaudited)***	*2013* *USD'000* *(Unaudited)*
Fair value gains on investment securities - net	**4,450**	5,502
Fair value gain/ (losses) on derivative financial instruments (see note 6)	**(91)**	3,563
Dividend income	**885**	6,039
	5,244	15,104

4 CASH AND CASH EQUIVALENTS

	30 June 2014 ***USD'000*** ***(Unaudited)***	*31 December 2013* *USD'000* *(Audited)*
Cash and bank balances	**35,089**	6,844
Placements with banks and other financial institutions	**66,932**	80,247
	102,021	87,091

Placements with banks and other financial institutions carried an effective interest rate of 0.03% to 1.35% per annum (31 December 2013: 0.05% to 1.60% per annum).

For the purpose of the consolidated statement of cash flows, in addition to the above balances, cash and cash equivalents also include cash and cash equivalents of the discontinued operations amounting to USD 449 thousand (unaudited) (31 December 2013: USD 449 thousand (audited)) (see note 9).

5 INVESTMENT SECURITIES

	30 June 2014 ***USD'000*** ***(Unaudited)***	*31 December 2013* *USD'000* *(Audited)*
Financial assets at fair value through other comprehensive income – equities	**151,164**	171,164
Investment securities at fair value through profit or loss:		
- Equities	**9,386**	14,384
- Funds	**34,365**	100,680
	43,751	115,064
	194,915	286,228

5 INVESTMENT SECURITIES (continued)

During 2013, the Group disposed of investment with a carrying value of USD 78,285 thousand (including USD 70,076 thousand in the six month period ended 30 June 2013) to a related party in part settlement of its debt obligations towards that related party resulting in no profit or loss for the Group.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At the period-end, the Group held the following investments:

30 June 2014 (Unaudited)

		Investments carried at fair value		
	Total USD'000	***Level 1 USD'000***	***Level 2 USD'000***	***Level 3 USD'000***
Equities	**160,550**	**679**	**8,707**	**151,164**
Funds	**34,365**	**-**	**34,365**	**-**
	194,915	**679**	**43,072**	**151,164**

31 December 2013 (Audited)

		Investments carried at fair value		
	Total USD'000	*Level 1 USD'000*	*Level 2 USD'000*	*Level 3 USD'000*
Equities	185,548	460	13,924	171,164
Funds	100,680	-	100,680	-
	286,228	460	114,604	171,164

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior period.

The movement in Level 3 investment securities is as follows:

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
At 1 January	**171,164**	251,984
Disposal during the period / year	**-**	(78,285)
Unrealised loss taken to other comprehensive income	**(20,000)**	(2,535)
At 30 June / 31 December	**151,164**	171,164

As at 30 June 2014, the valuation of investment classified within Level 3 of fair value hierarchy is based on EBITDA multiples of comparable companies (valuation as at 30 June 2013 and 31 December 2013 was based on EBITDA multiple of recent available comparable transaction).

5 INVESTMENT SECURITIES (continued)

An increase of 0.5x in the EBITDA multiples as at 30 June 2014 would result in an increase in the carrying value of investments and equity of the Group as at 30 June 2014 and the other comprehensive income for six months period then ended by an amount of USD 11,814 thousand (30 June 2013: USD 10,656 thousand; as at and the year ended 31 December 2013: USD 11,359 thousand).

A decrease of 0.5x in the EBITDA multiples as at 30 June 2014 would result in a decrease in the carrying value of investments and equity of the Group as at 30 June 2014 and the other comprehensive income for six months period then ended by an amount of USD 11,814 thousand (30 June 2013: USD 10,656 thousand; as at and the year ended 31 December 2013: USD 11,359 thousand).

6 DERIVATIVE LIABILITIES

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
Interest rate swap	**7,209**	7,118
Notional amount (net position)	**485,050**	503,839

The Group has entered into interest rate swap arrangements as required by the Common Terms Agreement ("CTA") entered into with a syndication of banks and swapped the variable element of the interest rate on the loans with a fixed rate. Management has treated these swaps as derivatives and has measured them at fair value at the reporting date in accordance with the requirements of International Financial Reporting Standards. The gain /loss on derivatives during the period has been classified within gain from investments and derivatives in the consolidated income statement for the period (see note 3).

The derivative liabilities are classified within Level 2 of the fair value hierarchy. There was no change in the fair value hierarchy classification of the derivatives during the current or prior periods.

7 GOODWILL

The carrying value of goodwill relates to the investment made by the Group in CPI Financial FZ LLC.

As required by IFRS, management carries out an assessment of any likely impairment in the carrying value of goodwill on an annual basis. The last such assessment was carried out at 31 December 2013 and based on such assessment, management concluded that there is no need for any impairment in the carrying value of goodwill at the reporting date. The computation of recoverable amount of Group's investment (cash generating unit) with which the goodwill is associated was based on the value-in-use calculation of the related investment (cash generating unit).

Significant assumptions used by management in carrying out the above assessment were as follows:

Long term revenue growth rate
Revenue growth rate of 14% - 33% was assumed for the next 5 years and a terminal value based on earnings multiple of 3x (based on earnings of year 5).

Discount rate
A discount rate of 7% was considered based on the overall equity structure and the related cost of capital of the investee company.

8 INVESTMENT PROPERTIES

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
Balance at 1 January	**2,313,886**	2,118,640
Additions during the period / year	**1,044**	2,385
Adjustment during the period / year (note 8.1)	**-**	(37,967)
Fair value gain on investment properties	**123,851**	230,828
Balance at 30 June / 31 December	**2,438,781**	2,313,886

Investment properties are stated at fair value, determined based on valuations performed by an accredited independent valuer which specialises in valuing these types of investment properties.

The valuation of the developed properties was carried out using the Discounted Cash Flow (DCF) Method while the valuation of undeveloped land was based on the comparable method. The valuation is based on assumptions made by the Valuer in relation to the future rental yields, discount rates and occupancy rates. In case of undeveloped land the Valuer adopted a rate of AED per sqft. on Gross Floor Area.

No interest was capitalised within the carrying value of investment property during the current and prior period.

The income earned by the Group from these investment properties has been disclosed in the consolidated income statement and comprises:

	Six months ended 30 June	
	2014 USD'000 (Unaudited)	*2013 USD'000 (Unaudited)*
Rental income from investment properties	**70,228**	77,806

The significant direct operating expenses incurred during the period, in relation to the investment properties on which rental income is earned by the Group amounted to USD 11,276 thousand (unaudited) (six months period ended 30 June 2013: USD 11,198 thousand (unaudited)) and are included in other general and administration expenses.

These investment properties are categorised in Level 2 and Level 3 for fair value measurement.

	30 June 2014 USD'000	*Investment properties carried at fair value*		
		Level 1 USD'000	*Level 2 USD'000*	*Level 3 USD'000*
30 June 2014 (Unaudited)	**2,438,781**	**-**	**45,261**	**2,393,520**
31 December 2013 (Audited)	2,313,886	-	45,261	2,268,625

The movement in Level 3 investment properties is as follows:

8 INVESTMENT PROPERTIES (continued)

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD '000 (Audited)*
At 1 January	**2,268,625**	2,084,315
Additions during the period / year	**1,044**	2,385
Adjustment during the period / year	-	(37,967)
Fair value gain on investment properties	**123,851**	219,892
At 30 June / 31 December	**2,393,520**	2,268,625

The key inputs to the valuation of investment properties as at 30 June 2014, 31 December 2013 and 30 June 2013 are as follows:

Developed Properties:
Estimated current market rentals for different types of properties
Rent growth rate of 2% per annum
Discount rate of 7.25% to 8.75% per annum
Exit Yield of 6.75% to 8.25% per annum

Undeveloped land:
Estimated benchmark values per square foot of the maximum permitted gross floor area.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

8.1 The adjustment above represents reversal of certain old outstanding construction accruals. These reversals were made as management believed that the Group would not be required to incur these costs as either the final settlements have been agreed with the relevant contractors or else a number of years have elapsed since the completion of the project and it was reasonable to expect that a variation claim would not be made / pursued by the contractors for the relevant projects.

9 DISCONTINUED OPERATIONS

During prior years, the Group decided to sell Villa Moda Lifestyle Company K.S.C. (closed) ("Villa Moda"). Villa Moda was operating in a financially challenging environment, making it difficult for the Group to derive real growth and profitability from the segment. Accordingly Villa Moda was classified as an asset held for sale during prior years. However, certain circumstances arose which were considered unlikely at the time of classification of Villa Moda as held for sale and, as a result, Villa Moda was not sold within the stipulated time. Currently Villa Moda is in liquidation and management believes that its classification as a discontinued operation is appropriate.

Villa Moda remained non-operating and therefore has not earned any income, incurred any expenses or generated/used any cashflows during the six months periods ended 30 June 2013 and 30 June 2014.

9 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities of discontinued operations are as follows:

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
Assets		
Cash and cash equivalents	**449**	449
Investment securities	**85**	85
Trade, other receivables and other assets	**52,296**	52,296
Investments in associates and joint ventures	**146**	146
Property, plant and equipment	**33,361**	33,361
Intangible assets	**7,435**	7,435
	93,772	93,772
Less provision for impairment against assets classified as held for sale	**(23,910)**	(23,910)
Assets classified as held for sale	**69,862**	69,862
Liabilities		
Due to banks	**37,135**	37,135
Trade, other payables and other liabilities	**32,727**	32,727
Liabilities directly associated with assets classified as held for sale	**69,862**	69,862

9.1 Management of the Group carried out an assessment of the fair value of the disposal group held for sale and as a result of such assessment identified impairment in the carrying value of the disposal group.

Such impairment assessment was based on management's internal valuation of the disposal group which resulted in identification of an impairment amounting to USD 23,910 thousand which is being maintained against the overall net assets of the disposal group appearing in these financial statements. The impairment provision was made in prior years.

10 OTHER RESERVES

	Fair value reserve USD'000 (Unaudited)	***Currency translation reserve USD'000 (Unaudited)***	***Total USD'000 (Unaudited)***
At 1 January 2014	**(3,619)**	**6,354**	**2,735**
Currency translation movements	**-**	**(724)**	**(724)**
Changes in fair value of financial asset at fair value through other comprehensive income	**(20,000)**	**-**	**(20,000)**
At 30 June 2014	**(23,619)**	**5,630**	**(17,989)**

	Fair value reserve USD'000 (Unaudited)	*Currency translation reserve USD'000 (Unaudited)*	*Total USD'000 (Unaudited)*
At 1 January 2013	(1,084)	6,809	5,725
Currency translation movements	-	1,254	1,254
At 30 June 2013	(1,084)	8,063	6,979

11 DUE TO THE GOVERNMENT OF DUBAI

Due to the Government of Dubai included two loans amounting to USD 500 million each. One of the loans was originally repayable in two equal installments in May 2012 and May 2013 ("Loan A") while the other loan was originally repayable in one installment in 2013 ("Loan B"). Repayments of both of these loans were rescheduled in prior years.

As part of such rescheduling the repayment of the principal and interest on Loan A was deferred until April 2014. During 2012 and 2013, Loan A was partially settled through sale of certain investments to the lender .

Interest on Loan B was payable on a quarterly basis whereas the repayment of the principal was deferred up to February 2016.

During 2012 the Group entered into subordination agreements in respect of both loans whereby payments under the loan agreements were subordinated to the senior liabilities of the Group, disclosed in note 12, and accordingly payments of these loans including interest is not required till the settlement or discharge of the senior liabilities. However interest on these loans is still being accrued in accordance with the terms of the loan agreement.

Interest on both these loans is payable at the rate of 6.45% per annum (2013: 6.45% per annum). An additional interest at the rate of 2% per annum (2013: 2% per annum) is charged on accrued interest from the due date till the eventual payment thereof.

Subsequent to the period-end, Loan A was fully settled through transfer of certain assets (with the consent of the Security Agent for senior liabilities) and a waiver of an amount of USD 37 million by the lender. Furthermore, interest rate on Loan B was reduced from 6.45% to 4.50% with effect from 1 August 2014 and it was agreed that the repayment of Loan B and interest thereon is subordinated to the Group's liabilities in relation to the proposed Sukuk Issue (see note 17).

12 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
Due within one year	**72,842**	-
Due after one year but within five years	**580,030**	783,217
	652,872	783,217

During 2012, the Group entered into a financing arrangement with a syndication of banks for an amount of USD 1,035 million for the settlement of the Group's Sukuk obligations. The terms of the financing were agreed under a Common Terms Agreement ("CTA") wherein interest on the financing was to be paid quarterly at 3-month EIBOR plus 3.8% per annum in respect of the AED denominated portion and 3-month LIBOR plus 3.8% per annum in respect of the USD denominated portion and the principal is payable in annual instalments agreed with banks until June 2017.

As per the terms of the CTA, excess cash reserves, determined at the end of each quarter, in the books of each entity within the DIFC structure (as set out in CTA) are required to be transferred to support the repayment of the Group's obligations. As at 31 December 2013, the Group had fully settled its balance due to be paid during 2014 and partially settled the amount due to be paid in 2015 in advance under the annual installment arrangement. As at 30 June 2014, the Company has partially settled the amount due to be paid in 2015. Certain Investment securities and investment properties disclosed in note 5 and note 8 are pledged against the bank loans.

Due to banks carry an effective interest rate ranging from 3.03% to 4.04% per annum (31 December 2013: 4.05% to 5.1% per annum).

During the six months period ended 30 June 2014, the interest rate on the above financing was reduced to EIBOR plus 2.8% per annum in respect of the AED denominated portion and LIBOR plus 2.8% per annum in respect of the USD denominated portion.

13 CONTINGENCIES AND COMMITMENTS

13.1 The Group has the following commitments at the end of the period:

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
Investment commitments	767	887

13.2 In prior years a claim was made against the Group requiring the Group to contribute to the costs of certain infrastructure development. The claim is under negotiation and the Group has made provision for this based on their best estimate. Management believes that owing to sensitivities surrounding the claim it is prejudicial to the Group's interest to make any further disclosures in respect of this matter.

14 RELATED PARTY TRANSACTIONS

Related parties represent associated entities, the owner and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The Group has entered into the following significant transactions with related parties in the ordinary course of business.

	Six months ended 30 June	
	2014 USD'000 (Unaudited)	*2013 USD'000 (Unaudited)*
Short term benefits – key management personnel	281	411
Employees' end of service benefits – key management personnel	8	32
Shared service cost charged by a related party	3,914	4,018
Finance cost	29,207	22,680

	30 June 2014 USD'000 (Unaudited)	*31 December 2013 USD'000 (Audited)*
Due from related parties (included in trade, other receivables and other assets)	15,137	7,704
Due to the Government of Dubai (see note 11)	570,548	570,048
Due to related parties (included in trade, other payables and other liabilities)	29,479	5,227
Accrued interest on loan from Government of Dubai (included in trade, other payables and other liabilities)	265,027	235,820

As per the terms of the bank financing obtained by the Group, the Group procures surplus funds of a few of its related parties and utilises them in making payments of outstanding amount of bank financing on a regular basis. Such funds procured by the Group during the period and outstanding at period-end mainly represents amounts due to the related parties at the reporting date. Such amounts are unsecured, interest free and repayable upon lender's demand.

14 RELATED PARTY TRANSACTIONS (continued)

All the other balances arose in the normal course of business and are interest free, unsecured and repayable upon lender's demand except for loans from the Government of Dubai and interest accrued thereon, repayment terms of which are disclosed in note 11 to these financial statements. The Group has not recorded any impairment loss in respect of amounts due from related parties during the current and prior year.

Other transactions with the related parties have been disclosed in note 5 to these financial statements.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Differences can therefore arise between book-value under the historical cost method and fair value estimates. The fair values of the Group's financial instruments are not materially different from their carrying values at reporting date since assets and liabilities not already measured at fair value have either short term maturities or in the case of borrowings are frequently repriced and the prevalent interest rates reflect risks associated with the borrowings.

16 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities, which is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised into major reportable operating segments being (a) Investments, including investment properties; and (b) Other operations. The first segment operations represents the business segment responsible for acquisitions of businesses and for making investments in equities, funds and derivatives, management of investment portfolio and investment properties while the second segment represents all other miscellaneous activities of the Group.

The first segment "Investments including investment property" represents almost the entire operations of the Group and the segment "Other operations" is below the reporting threshold prescribed by IFRS and therefore no segment related information has been disclosed in these financial statements

Management further monitors some selected financial information of the first segment bifurcated between (a) property investments; and (b) other investments. However other investments related segment also does not meet the reporting threshold prescribed by IFRS and thus such information is also not disclosed in these financial statements.

16 OPERATING SEGMENTS (continued)

Geographical information

The Group operates mainly in one geographic area, UAE. The volume of Group's operations and assets based outside of UAE does not meet the reporting threshold prescribed by IFRS and thus such information is not disclosed in these financial statements.

17 SUBSEQUENT EVENT

As at the date of approval of these financial statements, the Group is preparing for a USD 700 million Sukuk Issue mainly to refinance its existing bank borrowings while the excess funds are expected to be utilised for the purpose of development of the Group's investment properties.

For other subsequent events please refer note 11 to these financial statements.

DIFC Investments LLC
and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

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INDEPENDENT AUDITORS' REPORT TO THE OWNER OF DIFC INVESTMENTS LLC

We have audited the accompanying financial statements of DIFC Investments LLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009 and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the owner of the Company, for our audit work, for this report or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2013 and of its financial performance and of its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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INDEPENDENT AUDITORS' REPORT TO THE OWNER OF DIFC INVESTMENTS LLC (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 2 of 2009. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 2 of 2009 have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

14 May 2014

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2013

	Notes	*2013 USD'000*	*2012 USD'000*
CONTINUING OPERATIONS			
Revenue			
Income from investment properties	13	**148,996**	144,052
Fees and other income		**37,679**	30,028
		186,675	174,080
Cost of sales		**(13,622)**	(7,238)
Gross profit		**173,053**	166,842
Fair value gain on investment properties	13	**230,828**	278,077
Gain from investments and derivatives - net	4	**38,728**	1,361
Depreciation expense	14	**(466)**	(584)
Other general and administration expenses	5	**(131,323)**	(74,662)
Provision for impairment in respect of construction work in progress	14	**-**	(1,566)
Foreign exchange losses - net		**687**	1,087
Operating profit		**311,507**	370,555
Finance income		**1,459**	1,304
Finance cost		**(108,910)**	(154,431)
Finance cost – net		**(107,451)**	(153,127)
Share of results of joint ventures	11	**(277)**	(677)
Profit before tax from continuing operations		**203,779**	216,751
Income tax expense		**(9)**	(7)
Profit for the year from continuing operations		**203,770**	216,744
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	15	**-**	(75,136)
NET PROFIT FOR THE YEAR		**203,770**	141,608
Attributable to the Owner of the Parent from:			
Continuing operations		**203,693**	216,572
Discontinued operations		**-**	(75,887)
		203,693	140,685
Attributable to non-controlling interests		**77**	923
		203,770	141,608

The attached explanatory notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 USD'000	*2012 USD'000*
Net profit for the year	**203,770**	141,608
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Reserves transferred to consolidated income statement on disposal of subsidiary	-	80,488
Currency translation movements	**(455)**	(2,321)
Net other comprehensive income to be reclassified to profit or loss in Subsequent period	**(455)**	78,167
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income	**(2,535)**	3,239
Net other comprehensive income not to be reclassified to profit or loss in Subsequent period	**(2,535)**	3,239
Other comprehensive income for the year	**(2,990)**	81,406
Total comprehensive income for the year	**200,780**	223,014
Attributable to the Owner of the Parent from:		
Continuing operations	**200,703**	219,159
Discontinued operations	-	2,824
	200,703	221,983
Attributable to non-controlling interests	**77**	1,031
	200,780	223,014

The attached explanatory notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	*2013 USD'000*	*2012 USD'000*
ASSETS			
Cash and cash equivalents	7	**87,091**	84,481
Investment securities	8	**286,228**	401,678
Trade, other receivables and other assets	10	**44,443**	60,036
Investment in joint ventures	11	**811**	1,088
Goodwill	12	**5,472**	5,472
Investment properties	13	**2,313,886**	2,118,640
Property, plant and equipment	14	**12,156**	14,452
Assets classified as held for sale	15	**69,862**	69,862
TOTAL ASSETS		**2,819,949**	2,755,709
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Owner of the Parent			
Share capital	16	**200,000**	200,000
Other reserves	17	**2,735**	5,725
Retained earnings		**751,961**	513,534
		954,696	719,259
Non-controlling interests		**228**	776
Total equity		**954,924**	720,035
Liabilities			
Due to the Government of Dubai	18	**570,048**	647,198
Due to banks and other financial institutions	19	**783,217**	949,727
Derivative liabilities	9	**7,118**	10,436
Trade, other payables and other liabilities	20	**434,780**	358,451
Liabilities directly associated with assets classified as held for sale	15	**69,862**	69,862
Total liabilities		**1,865,025**	2,035,674
TOTAL EQUITY AND LIABILITIES		**2,819,949**	2,755,709

These consolidated financial statements were approved by the Board of Directors on 13 May 2014 and signed on its behalf by:

Chief Executive Officer

Chief Financial Officer

The attached explanatory notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	Notes	2013 USD'000	2012 USD'000
OPERATING ACTIVITIES			
Net profit before tax from continuing operations		203,779	216,751
(Loss) / profit for the year before tax from discontinued operations	15	-	(76,183)
		203,779	140,568
Adjustments for:			
Depreciation	14	466	584
Loss on disposal of property, plant and equipment		2,081	-
Share of results of associates and joint ventures	11	277	677
(Reversal) / provision for lease losses	5.1	(4,547)	21,335
Fair value gains / (losses) on investment securities and related financings	4	(27,111)	(862)
Changes in fair value of derivative financial instruments	4	(3,318)	10,436
Dividend income	4	(8,299)	(10,935)
Finance income		(1,459)	(1,304)
Finance cost		108,910	155,228
Impairment of advances and other receivables - net	10	(439)	1,292
Provision for employees' end of service benefits	21	93	62
Fair value gain on investment properties	13	(230,828)	(278,077)
Gain on sale of investment property		-	(15,243)
Impairment of property and equipment		-	1,566
Amortisation of deferred cost		5,639	3,162
Loss on sale of investment		-	69,677
Exchange and other adjustments		(373)	(2,440)
		44,871	95,726
Changes in operating assets and liabilities:			
Trade and other receivables and other assets		4,032	20,731
Trade and other payables and other liabilities		93,806	53,625
Net cash generated from operations		142,709	170,082
Income tax credit received		-	1,040
Employees' end of service benefits paid during the year	21	(32)	(18)
Transfer of employees' end of service benefits to related parties	21	3	(20)
Net cash generated from operating activities		142,680	171,084
INVESTING ACTIVITIES			
Investment securities (including investments in associates and joint ventures) - net		61,741	9,451
Net cash received on disposal of subsidiary		12,000	234,976
Additions to property, plant and equipment and investment property		(2,718)	(16,662)
Proceeds from disposal of property, plant and equipment and investment property		-	34,025
Dividend received		8,299	10,995
Finance income received		1,459	1,304
Net cash generated from investing activities		80,781	274,089
FINANCING ACTIVITIES			
Borrowings from banks and other financial institutions		-	1,010,065
Repayment to Sukuk certificate holders		-	(1,250,000)
Repayment to banks and other financial institutions		(172,149)	(210,939)
Finance cost paid		(48,077)	(43,018)
Dividend paid to non controlling interest		(625)	-
Net cash used in financing activities		(220,851)	(493,892)
NET DECREASE IN CASH AND CASH EQUIVALENTS		2,610	(48,719)
Cash and cash equivalents at the beginning of the year		84,930	133,649
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	87,540	84,930

The attached explanatory notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to the owner of the Parent					
	Share capital USD'000	*Other reserves USD'000 (see note 17)*	*Retained earnings USD'000*	*Total USD'000*	*Non-controlling interests USD'000*	*Total equity USD'000*
At 1 January 2013	200,000	5,725	513,534	719,259	776	720,035
Net profit for the year	-	-	203,693	203,693	77	203,770
Changes in fair value of financial assets at fair value through other comprehensive income	-	(2,535)	-	(2,535)	-	(2,535)
Currency translation movements	-	(455)	-	(455)	-	(455)
Other comprehensive income for the year	-	(2,990)	-	(2,990)	-	(2,990)
Total comprehensive income for the year	-	(2,990)	203,693	200,703	77	200,780
Settlement of financial liabilities by the owner (see note 23)	-	-	34,734	34,734	-	34,734
Dividend	-	-	-	-	(625)	(625)
At 31 December 2013	**200,000**	**2,735**	**751,961**	**954,696**	**228**	**954,924**

The attached explanatory notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2013

	Attributable to the owner of the Parent					
	Share capital USD'000	*Other reserves USD'000 (see note 17)*	*Retained earnings USD'000*	*Total USD'000*	*Non-controlling interests USD'000*	*Total equity USD'000*
At 1 January 2012	200,000	(235,494)	532,770	497,276	6,303	503,579
Net profit for the year	-	-	140,685	140,685	923	141,608
Changes in fair value of financial assets at fair value through other comprehensive income	-	3,239	-	3,239	-	3,239
Reserves transferred to consolidated income statement upon disposal of subsidiary	-	80,488	-	80,488	-	80,488
Currency translation movements	-	(2,429)	-	(2,429)	108	(2,321)
Other comprehensive income for the year	-	81,298	-	81,298	108	81,406
Total comprehensive income for the year	-	81,298	140,685	221,983	1,031	223,014
Realised fair value gain on disposal of financial asset at fair value through other comprehensive income	-	159,921	(159,921)	-	-	-
Disposal of subsidiary	-	-	-	-	(6,558)	(6,558)
At 31 December 2012	200,000	5,725	513,534	719,259	776	720,035

The attached explanatory notes 1 to 25 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

DIFC Investments LLC (the "Company") was established on 27 November 2005, as a Company Under Formation under the Companies Law, DIFC Law No. 3 of 2006 and was subsequently formally incorporated as a limited liability company by the Registrar of Companies of the Dubai International Financial Centre ("DIFC") on 22 May 2006. The Company is legally a wholly owned subsidiary of the Dubai International Financial Centre Authority ("DIFCA"). It is, however, held by DIFCA for the beneficial interest of the Government of Dubai and therefore is not consolidated in the financial statements of DIFCA.

The principal activities of the Company is to possess, own, sell and lease land and any other immovable and movable properties, and develop such properties in order to achieve the objectives of the Dubai International Financial Centre ("DIFC") and to deal in financial instruments, invest in and incorporate banking, investment and other financial projects and companies.

The Company's registered office is at Level 14, The Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

These consolidated financial statements incorporate the results and the financial position of the Company and its subsidiaries (together the "Group").

The details of the significant subsidiaries of the Company which have been consolidated in these financial statements are given below:

Name	Direct / indirect ownership / beneficial interest 2013	2012	Country of incorporation	Principal activities
DIFC Lifestyle LLC	100%	100%	DIFC, UAE	Intermediate holding company
Gate Media LLC	100%	100%	DIFC, UAE	Production, advertisement, design, communication and all audio / video related media platforms and products
Emirates Consulting Group LLC (DIFC)	75%	75%	DIFC, UAE	Labor contracting, recruitment process and outsourcing
DIFC Connections Korlatolt FelosseguTarsasag	100%	100%	Hungary	Intermediate holding company
DIFC Global Limited	100%	100%	United Kingdom	General commercial company
GCF Management Limited	100%	100%	DIFC, UAE	Advising on financial and investment products or credit
The First Technologies Trading (L.L.C)	100%	100%	Dubai, UAE	General trading
DIFC Investments – Dubai (L.L.C)	100%	100%	Dubai, UAE	To invest in commercial, agriculture and industrial holding and trust companies
D-Clear LLC	100%	100%	DIFC, UAE	Investment in technology, e-commerce, research and development and information technology

1 CORPORATE INFORMATION (continued)

Name	Direct / indirect ownership / beneficial interest 2013	2012	Country of incorporation	Principal activities
DIFC Global Limited (Liquidated in 2013)	-	100%	Hong Kong	Intermediate holding company and purchase, lease of properties
DIFC Art LLC	100%	100%	DIFC, UAE	Art exhibitions, art logistics, art investments, art club and education
Art Dubai LLC	100%	100%	DIFC, UAE	Intermediate holding company
Kuwait Investments LLC	100%	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
European Investments LLC	100%	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
DIFC Global LLC	100%	100%	DIFC, UAE	Holding company for all overseas business centres owned by the Company
Tech Point LLC	100%	100%	Dubai, UAE	Computer software and equipment trading and data processing
Tech Fort LLC	100%	100%	Dubai, UAE	Computer software and equipment trading and data processing

DIFC Lifestyle LLC owns 60.36% of Villa Moda Lifestyle K.S.C. (closed) which has the following significant subsidiaries:

Subsidiary	Country of incorporation	Principal activities
Villa Moda General Trading Company WLL	Kuwait	General trading and contracting
Villa Moda Gulf WLL	Kuwait	General trading and contracting
Villa Moda Syria LLP	Syria	Trading in luxury readymade garments and accessories
Villa Moda Fashion Company Bahrain WLL	Bahrain	Trading in luxury readymade garments and accessories
Villa Moda Qatar WLL	Qatar	Trading in luxury readymade garments and accessories

1 CORPORATE INFORMATION (continued)

Gate Media LLC owns 75% of CPI Financial FZ LLC, a company incorporated in Dubai, UAE. CPI Financial FZ LLC is involved in publishing of financial magazines and other materials for the Middle East region through both print and digital media.

Emirates Consulting Group LLC (DIFC) owns 99% of Emirates Consulting Group LLC (UAE), a company incorporated in Dubai, UAE and involved in the provision of labor contracting and recruitment process and outsourcing services.

DIFC Connections Korlatolt FelosseguTarsasag owns 100% of BHB Bedford Properties Inc. which owns 100% of BHB Master Partnership LLC, which in turn wholly owns BHB Owner LLC. BHB Bedford Properties Inc., BHB Master Partnership LLC and BHB Owner LLC are all incorporated in United States of America. BHB Bedford Properties Inc. is an intermediate holding company while the principal activity of BHB Master Partnership LLC and BHB Owner LLC is to hold investment properties.

During 2012, the Group sold one of its subsidiaries D-Clear Europe Limited (involved in the software business) for a consideration of USD 250,000 thousand to its related party. These consolidated financial statements included the results of D-Clear Europe Limited upto the date of such sale. The Group made a loss of USD 71,792 thousand on such disposal and this was included in the loss from discontinued operations (see note 15).

During 2012, the Group sold Aptec Holdings Limited for a consideration of USD 12,000 thousand. These consolidated financial statements include the results of Aptec Holdings Limited upto the date of such sale. The Group recorded a loss of USD 1,079 thousand on such disposal and this has been included in the loss from discontinued operations in 2012 (see note 15).

2 BASIS OF PREPARATION

Accounting convention
The consolidated financial statements have been prepared under the historical cost convention, except for the measurement of investment securities, derivative financial instruments and investment properties at fair values. Net assets classified as held for sale have been written down to Nil (being their realisable value) on an aggregate basis.

The functional currency of the Company is AED. However, the consolidated financial statements are presented in US Dollars (USD) for the convenience of the users. This does not have any significant effect on the consolidated financial statements as the UAE Dirham is currently pegged to the US Dollar. All the values in the consolidated financial statements are rounded to the nearest thousand USD except where otherwise stated.

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

New and amended standards and interpretations
The Group applied, for the first time, the following standards and amendments effective as of 1 January 2013:

IFRS 10 – Consolidated Financial Statements
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity directly or indirectly controls one or more entities to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The adoption of the standard did not have any material impact on the consolidated financial statements of the Group.

IFRS 11 – Joint Arrangements
IFRS 11 relates to joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement:

a) Joint operations: where joint operators have rights to the assets and obligations for the liabilities of the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses.
b) Joint ventures: where the joint venturers have rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The adoption of the standard did not have any material impact on the consolidated financial statements.

2 BASIS OF PREPARATION (continued)

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. The Group neither has subsidiaries with material non-controlling interests nor any unconsolidated structured entities and hence the standard has no significant impact on the consolidated financial statements of the Group.

IFRS 13 – Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures including fair value hierarchy, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IAS 27 (revised 2011) – Separate financial statements
IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The adoption of the revised standard did not have any material impact on the consolidated financial statements of the Group.

IAS 28 (revised 2011) – Associates and joint ventures
IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The adoption of the revised standard did not have any material impact on the consolidated financial statements of the Group.

Amendment to IAS 19 – Employee benefits
These amendments eliminate the corridor approach and require calculation of finance costs on a net funding basis. The adoption of the amendment did not have any material impact on the consolidated financial statements of the Group.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)
These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The adoption of the amendments did not have any material impact on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION (continued)

Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments
This standard, issued as a replacement to IAS 39, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The replacement project consists of the following three phases:

a) Classification and measurement of financial assets and financial liabilities.
b) Impairment methodology - a more forward looking impairment model that reflects expected credit losses, as compared to incurred loss model under IAS 39.
c) Hedge accounting – a review draft has been issued for this phase which deals with general hedge accounting only.

The effective date of the standard is not yet specified. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

There are several other amendments issued but not yet effective up to the date of issuance of the Group's financial statement which do not impact the consolidated financial statements of the Group. These are listed below:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of
- the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Significant management judgement and estimates
The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual result.

Management is also required to exercise its judgement in the process of applying the Group's accounting policies. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and believes that the Group has the necessary required resources to enable it to continue its operations and meet its obligations as and when they fall due.

Based on the above, the management believes that the Group will be able to continue as a going concern for the foreseeable future, and accordingly, the financial statements of the Group have been prepared on a going concern basis.

Classification of investments
Management decides on acquisition of an investment whether it should be classified as a financial asset at amortised cost, a financial asset at fair value through profit or loss or a financial asset at fair value through other comprehensive income. For those investments deemed to be financial assets at amortised cost, management ensures that the requirements of IFRS 9 are met and, in particular, that the financial asset has met the business model and contractual cashflow characteristics as defined in IFRS 9.

The Group classifies financial assets at fair value through profit or loss, including trading securities, if they are acquired primarily for the purpose of making a short term profit.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as financial assets at fair value through profit or loss.

All other investments are classified as financial assets at fair value through other comprehensive income.

2 BASIS OF PREPARATION (continued)

Significant management judgement and estimates (continued)

Classification of property leases
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Impairment of goodwill
The Group tests annually, in accordance with the Group's accounting policy, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units are determined based on either their relative fair value or by using value-in-use calculations. The value-in-use calculations and the determination of relative fair values require significant management judgements and the use of estimates.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transaction;
- current fair value of another investment that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models

The determination of cash flows and discount factors for unquoted equity investments requires significant estimations. The Group calibrates the valuation techniques periodically and tests them for validity using either inputs from observable comparable current market transactions or from other available observable market data.

Valuation of investment properties
Management usually utilises the services of independent accredited valuers for the valuation of its investment properties. The assumptions used by such valuers are reviewed and approved by management. Significant assumptions used in such valuations include the following:

- appropriate discount rates;
- future construction cost and expected time of construction in case of property subject to development;
- occupancy rates;
- market rentals, and
- marketability of the property

The above requires use of significant management judgement and estimates.

Leasehold improvements
Management determines the estimated useful life and related depreciation charges for its leasehold improvements based on their best estimate. This estimate is based on, among other factors, an assumption that the Group will renew its annual lease over the estimated useful life. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where useful life is less than previously estimated life.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Foreign currency translation

(a) Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement.

(b) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) all the assets and liabilities are translated at the rate of exchange prevailing at the reporting date;
b) income and expenses are translated at average exchange rates; and
c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is disposed of or sold, exchange differences relating to such foreign operations that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes or duty. The manner of recognition of revenue for specific classes of transaction is explained in the following paragraphs:

Sale of land and buildings
The difference between the proceeds from the sale of land and buildings and their respective carrying values is recognised in the consolidated income statement when the legal title passes to the buyer and, until such time, any amount received from customers is treated as advances from customers.

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods.

Rendering of services
Revenue from service charges is recognised when the services are rendered.

Rental income
Rental income from operating leases is recognised as income on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis.

Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

Dividends
Revenue is recognised when the Group's right to receive the dividend is established.

Fee income
Membership fees are recognised on a straight line basis over the membership period.

License and maintenance revenue
The Group assesses whether the fee is fixed or determinable and collection is reasonably assured at the outset of an agreement. In determining whether the fee is fixed or determinable, the Group reviews the terms and conditions of the agreement. The Group assesses whether collection is reasonably assured based on a number of factors, including the terms and conditions of the agreement and the customer's past transaction history and credit-worthiness. If it is determined that collection of a fee is not reasonably assured, the Group defers the fee and recognises revenue at the time collection becomes reasonably assured.

Many customers who acquire licensed software also enter into separate professional services arrangements with the Group. The Group reviews whether such arrangements should be considered alongside other elements/arrangements to determine whether the arrangements taken together should be considered as one arrangement. Professional services are generally separable from the other elements under the arrangement, since the performance of the services is not essential to the core software functionality of the software (i.e. the services do not involve significant production, modification or customisation of the software).

Generally, consulting and implementation services are sold on a time-and-materials basis and revenue is recognised when the services are performed. Contracts with fixed or "not to exceed fees" are recognised on a percentage of completion method. When the provision of services represents more than one performance act, the nature of the service contract is reviewed to determine which revenue recognition method best reflects the nature of services performed. Provided all other revenue recognition criteria have been met, the revenue recognition method selected reflects the pattern in which the obligations to the customers have been fulfilled. If there is a significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. In determining whether professional services revenue should be accounted for separately from licence revenue, the Group evaluates, among other factors, the nature of the software, whether it is ready for use by the customer upon receipt, the nature of the Group's implementation services, which typically do not involve significant customisation or development of the underlying software code, the availability of services from other vendors, whether the timing of payments for licence fees is coincident with performance of services and whether milestones or acceptance criteria exist that affect the collectability of the software license fee.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Maintenance revenue is deferred and recognised rateably over the term of the maintenance and support period. Where customers benefit over the implementation period from product enhancements normally provided as maintenance services, an element of the licence fee is deferred and recognised rateably over the implementation period up to the start of paid maintenance.

For arrangements that do not qualify for separate accounting, the license and professional services revenues are recognised together using the percentage-of-completion method.

Under the percentage-of-completion method, revenue recognised is equal to the ratio of costs expended to date to the anticipated total contract costs, based on current estimates of costs to complete the project. If the total estimated costs to complete a project exceed the total contract amount, indicating a loss, the entire anticipated loss would be recognised immediately.

Revenues that are recognised ahead of billings are shown as accrued income. Expenses recharged to customers are recognised as revenue.

Cash and cash equivalents
For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash on hand, current accounts with banks and bank deposits with an original maturity of less than three months.

Financial assets
Date of recognition
All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by regulation or convention in the market place.

Financial assets are classified into the following categories: 'financial assets measured at amortised cost', 'financial assets measured at fair value through profit or loss', and 'financial assets measured at fair value through other comprehensive income'.

Initial measurement of financial asset
All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value with the transaction costs expensed in the period in which they are incurred.

Subsequent measurement
Debt instruments are subsequently measured at amortised cost less impairment loss if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Financial assets at amortised cost
Debt instruments meeting the criteria defined above are measured initially at fair value plus transaction costs (except if they are designated as at fair value through profit or loss - see below). They are subsequently remeasured at amortised cost using the effective interest method less any impairment, with interest revenue recognised on an effective yield basis in finance income. Impairment is the difference between carrying amount and the present value of the future cash flows discounted at the original effective interest rate.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to fair value through profit or loss, if the objective of the business model changes so that the amortised cost criteria are no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating finance income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (FVTPL)

Debt instrument that do not meet the amortised cost criteria described above, or that meet the criteria but the Group has chosen to designate them as at fair value through profit or loss at initial recognition, are measured at fair value through profit or loss.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at fair value through profit or loss, if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Subsequent to initial recognition, the Group is required to reclassify held for trading debt instruments from fair value through profit or loss to amortised cost if the objective of the business model changes so that the amortised cost criteria starts to be met and the instrument's contractual cash flows meet the amortised cost criteria. Reclassification of debt instruments designated as at fair value through profit or loss at initial recognition is not allowed.

Investments in equity instruments are classified as fair value through profit or loss, unless the Group designates an investment that is not held for trading as fair value through other comprehensive income (FVTOCI) at initial recognition (see below).

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated income statement. Fair value is determined in the manner described in note 8.

Dividend income on investments in equity instruments at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI. Designation as FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are remeasured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to consolidated income statement, but is reclassified to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established.

Reclassification of financial assets

The financial assets are required to be reclassified if the objective of the Group's business model for managing those financial assets changes. Such changes are expected to be very infrequent. These changes are determined by the Group's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties.

If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. Any previously recognised gains, losses or finance income are not required to be restated.

If the Group reclassifies a financial asset so that it is measured at fair value, its fair value is determined at the reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Reclassification of financial assets (continued)

If the Group reclassifies a financial asset so that it is measured at amortised cost, its fair value at the reclassification date becomes its new carrying amount.

The reclassification day is the first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either:
  i) has transferred substantially all the risks and rewards of the asset, or
  ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each reporting date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets carried at fair value and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Derivative instruments
Derivative instruments are initially recognised in the consolidated statement of financial position at fair value and subsequently also remeasured at fair values obtained from quoted market prices or other appropriate valuation models. All derivative instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses arising from changes in the fair value of derivative instruments are included in the consolidated income statement.

Trade, other receivables and other assets
Trade, other receivables and other assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously impaired or written off are credited in the consolidated income statement.

Investment in joint ventures
The Group has investments in joint ventures which are jointly controlled entities, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the respective entities. The Group recognises its investment in joint ventures using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the respective joint venture, less any impairment in value. The consolidated income statement reflects the post acquisition share of the results of operations of the joint venture. After the carrying value of an investment in a joint venture is reduced to nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal to the share of losses not recognised. Goodwill relating to the joint ventures is included in the carrying amount of the respective investments and is not amortised. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income. Adjustments are made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its joint ventures. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The use of equity method of accounting is discontinued from the date on which the Group ceases to have a joint control over, or have significant influence in, a jointly controlled entity.

The financial statements of the joint ventures are prepared for the same accounting period as the Group. Where necessary, adjustments are made to bring the accounting policies of joint ventures in line with those of the Group.

Investment properties
Properties held by the Group for the purpose of earning rentals or for capital appreciation or both are classified as investment properties. This also includes properties which are in the course of construction or development for future use as investment properties. Land held for currently undetermined future use is also classified as an investment property.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
Investment properties including investment properties under construction are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying acceptable valuation models.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated income statement in the period of derecognition.

Transfers are made to or from investment property when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, as a result of change in use, the Group accounts for such property in accordance with the policy stated in property, plant and equipment upto the date of change in use.

No assets held under operating leases have been classified as investment properties.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

Property under development is not depreciated. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Computer equipment and software	3 years
Furniture, fixtures, office equipment and accessories	3-10 years
Motor vehicles	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Gains and losses on disposal of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount and are taken into account in determining the results for the period.

Property under development is stated at cost together with financing costs incurred from the date of commencement of the project to the date on which it is commissioned. When commissioned, property under development is transferred to the appropriate category of property, plant and equipment and depreciated in accordance with the Group's accounting policies.

Non-depreciable assets are stated at cost less accumulated impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of associates and joint ventures is included in the carrying value of investments in associates or joint ventures and is not disclosed separately. Goodwill included in the carrying value of investments in associates or joint ventures is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on separately recognised goodwill are not reversed. Gains and losses on the disposal of an entity are arrived at after taking into account the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement for the reporting period, and for the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

Provision for staff benefits
A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 relating to General Pension and Social Security Law and is charged to the consolidated income statement.

Provision is made for the full amount of end of service benefits due to expatriate employees based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with the DIFC laws. A provision is also made for the estimated liability in respect of expatriate employees' entitlements to leave passage and leave pay as a result of services rendered by the employees up to the reporting date.

Provision for employees' end of service benefits for subsidiary companies not subject to UAE or DIFC laws is made in accordance with the governing labour or similar law in the country of incorporation of respective entities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of comprehensive income of the Group. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Income tax
Income tax is provided by the subsidiaries of the Group in accordance with the applicable local regulations.

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability, in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on laws that have been enacted at the reporting date.

Deferred income tax asset is recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to the items recognised directly in equity is recognised in equity and not in the consolidated income statement.

Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment previously are reviewed for possible reversal of the impairment at each reporting date.

Offsetting
Financial assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intend to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties
An entity is considered related party of the Group if:.

a) A person or a close member of that person's family is related to the Group if that person:
   i. has control or joint control of the Group;
   ii. has significant influence over the Group; or
   iii. is a member of the key management personnel of the Group.

b) An entity is related to a Group if any of the following conditions applies:
   i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.

b) An entity is related to a Group if any of the following conditions applies:
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is controlled or jointly controlled by a person identified in (a).
   vi. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4 GAIN / (LOSS) FROM INVESTMENTS AND DERIVATIVES – NET

	2013 *USD'000*	*2012* *USD'000*
Fair value gains on investment securities - net (see note 4.1)	**27,111**	862
Fair value gain/ (losses) on derivative financial instruments (see note 9)	**3,318**	(10,436)
Dividend income	**8,299**	10,935
	38,728	1,361

4.1 During 2012, the Group sold its investment in a fund to a related party against settlement of a debt obligation of the Group towards that related party. The Group recorded a gain of USD 6,613 thousand on such disposal which is classified within net gain on investment securities.

5 OTHER GENERAL AND ADMINISTRATION EXPENSES

	2013 *USD'000*	*2012* *USD'000*
Staff costs (see note 6)	**7,810**	7,203
Advertising expenses	**410**	388
Legal and professional fees	**963**	1,584
Office administration expenses	**29,021**	31,088
System operating expenses	**52**	350
Communication costs	**189**	237
Shared costs charged by a related party (see note 23)	**9,899**	8,685
Provision for doubtful debts, net of recoveries (see note 10)	**-**	1,292
Charge for onerous lease contract	**-**	21,335
Others	**82,979**	2,500
	131,323	74,662

6 STAFF COSTS

	2013 USD'000	2012 USD'000
Salaries	4,562	4,590
Bonuses, incentives and other benefits	3,184	2,543
Recruitment, training and other benefits	64	70
	7,810	7,203

7 CASH AND CASH EQUIVALENTS

	2013 USD'000	2012 USD'000
Cash and bank balances	6,844	38,660
Placements with banks and other financial institutions	80,247	45,821
	87,091	84,481

Placements with banks and other financial institutions carried an effective interest rate of 0.005% to 1.60% per annum (2012: 0.025% to 2.60%).

For the purpose of the Consolidated Statement of Cash Flows, in addition to the above balances, cash and cash equivalents also include cash and cash equivalents of the discontinued operations amounting to USD 449 (2012: USD 449 thousand) (see note 15).

8 INVESTMENT SECURITIES

	2013 USD'000	2012 USD'000
Financial assets at fair value through other comprehensive income – equities	171,164	251,984
Investment securities at fair value through profit or loss:		
- Equities	14,384	16,649
- Funds	100,680	133,045
	115,064	149,694
	286,228	401,678

During the year, the Group disposed of investment with a carrying value of USD 78,285 thousand to a related party in part settlement of its debt obligations towards its debt obligations towards that related party resulting in no profit or loss for the Group.

During 2012, the Group disposed of certain investments for USD 352,802 thousand to a related party in part settlement of its debt obligations towards that related party. The gain / loss on the disposal of such investments has been disclosed in notes 4 and 17 of these consolidated financial statements.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

8 INVESTMENT SECURITIES (continued)

At the year-end, the Group held the following investments:

31 December 2013

		Investments carried at fair value		
	Total USD'000	***Level 1 USD'000***	***Level 2 USD'000***	***Level 3 USD'000***
Equities	**185,548**	**460**	**13,924**	**171,164**
Funds	**100,680**	**-**	**100,680**	**-**
	286,228	**460**	**114,604**	**171,164**

31 December 2012

		Investments carried at fair value		
	Total USD'000	*Level 1 USD'000*	*Level 2 USD'000*	*Level 3 USD'000*
Equities	268,633	1,799	14,850	251,984
Funds	133,045	-	133,045	-
	401,678	1,799	147,895	251,984

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior year.

The movement in Level 3 investment securities is as follows:

	2013 USD'000	*2012 USD'000*
At 1 January	**251,984**	483,548
Disposal during the year	**(78,285)**	(231,564)
Unrealised gain	**(2,535)**	-
At 31 December	**171,164**	251,984

9 DERIVATIVE LIABILITIES

	2013 USD'000	*2012 USD'000*
Interest rate swap	**7,118**	10,436
Notional amount (net position)	**503,839**	517,727

The Group has entered into interest rate swap arrangements as required by the Common Terms Agreement ("CTA") entered into with a syndication of banks and swapped the variable element of the interest rate on the loans with a fixed rate. Management has treated these swaps as derivatives and has measured them at fair value at the year-end in accordance with the requirements of International Financial Reporting Standards. The gain /loss on derivatives during the year has been classified within gain from investments and derivatives in the consolidated income statement for the year (see note 4).

The derivative liabilities are classified within Level 2 of the fair value hierarchy. There was no change in the fair value hierarchy classification of the derivatives during the current or prior year.

10 TRADE, OTHER RECEIVABLES AND OTHER ASSETS

	2013 *USD'000*	*2012* *USD'000*
Trade receivables	**20,189**	28,864
Advances - net	**8,513**	7,520
Refundable deposits	**109**	101
Due from related parties (see note 23)	**7,704**	4,704
Unbilled revenue	**5,267**	2,452
Prepayments	**1,105**	2,345
Others	**1,556**	14,050
	44,443	60,036

At year end, trade receivables and advances to suppliers, sub-contractors and developers at nominal value of USD 40,273 thousand (2012: USD 41,200 thousand) were impaired. Movement in the allowance for impairment during the year is as follows:

	2013 *USD'000*	*2012* *USD'000*
At 1 January	**41,200**	39,908
(Reversal) / charge for the year (includes USD Nil relating to discontinued operations (2012: USD 1,149 thousand))	**(439)**	1,292
Written off during the year	**(488)**	-
Transferred against assets classified as held for sale (see note 15)	-	-
At 31 December	**40,273**	41,200

10.1 At the year end, ageing of unimpaired trade receivables is as follows:

			Past due but not impaired				
	Total *USD'000*	*Neither past due nor impaired* *USD'000*	*Upto 30 days* *USD'000*	*30-60 days* *USD'000*	*60-90 days* *USD'000*	*90-120 days* *USD'000*	*More than 120 days* *USD'000*
2013	**20,189**	**10,142**	**3,752**	**783**	**78**	**475**	**4,959**
2012	28,864	15,386	2,229	771	378	657	9,443

The normal credit period allowed by the Group is 30 days after which trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collaterals against receivables.

11 INVESTMENT IN JOINT VENTURES

The Group's interest in its joint venture are as follows:

		Carrying amount of investments		*Percentage of equity owned*		*Country of incorporation*
	Notes	***2013*** ***USD'000***	*2012* *USD'000*	***2013***	*2012*	
Dubai Executive Jets Ltd	11.1	-	-	see note 11.1	50%	Dubai, UAE
Art Dubai Fair LLC	11.2	**811**	1,088	51%	51%	DIFC, UAE
		811	1,088			

11 INVESTMENT IN JOINT VENTURES (continued)

Assets, liabilities, revenue and results of the principal associates and joint ventures are set out below:

31 December 2013	*Assets USD'000*	*Liabilities USD'000*	*Revenue USD'000*	*Results USD'000*
Art Dubai Fair LLC	**2,162**	**552**	**6,376**	**(544)**

31 December 2012	*Assets USD'000*	*Liabilities USD'000*	*Revenue USD'000*	*Results USD'000*
Dubai Executive Jets Ltd	15	-	-	(128)
Art Dubai Fair LLC	2,444	290	5,354	(1,328)

11.1 Dubai Executive Jets Limited

During prior years, the Group entered into a joint venture agreement to form a company by the name of Dubai Executive Jets Limited in which the Group took a 50% stake. Dubai Executive Jets Limited has entered into a contract which entitles it to the rights to acquire aircrafts.

	2013 USD'000	*2012 USD'000*
Investment in share capital	-	21,098
Share of post acquisition results	-	(6,758)
Distributions received	-	(14,340)
	-	-

During 2011, management reduced the carrying value of Group's investment in Dubai Executive Jets Limited to Nil owing to the underlying financial position of the investee. As at 31 December 2011, management also recorded a separate liability of USD 115 thousand to account for Group's share of expected additional obligations in relation to its investment in Dubai Executive Jets Limited. During 2012, such obligation was paid by the Group and in current year, Dubai Executive Jets Limited was liquidated.

11.2 Art Dubai Fair LLC

During prior years, the Group entered into a joint venture agreement through one of its subsidiaries, Art Dubai LLC to form Art Dubai Fair LLC, a joint venture in which the Group holds 51% investment. Management of the Group classified this investment as a joint venture as the strategic financial and operating decisions relating to the entity required consent of both the shareholders of the entity. The principal activities of the joint venture are arranging art fairs in the Gulf region.

	2013 USD'000	*2012 USD'000*
Investment in share capital	**4,106**	4,106
Share of post acquisition results	**(3,295)**	(3,018)
	811	1,088

12 GOODWILL

The carrying value of goodwill appearing in the consolidated financial statements (relating to continuing operations) relates to the investment made by the Group in CPI Financial FZ LLC.

At the year-end, management computed the recoverable amount of its investment (cash generating unit) with which the goodwill is associated and concluded that there is no need for any impairment in the carrying value of goodwill at the reporting date. The computation of such recoverable amount is based on the relative fair value or value-in-use calculations of the related investment (cash generating unit).

Significant assumptions used by management in carrying out an impairment assessment are as follows:

Long term revenue growth rate
Revenue growth rate of 14% - 33% has been assumed for the next 5 years and a terminal value based on earnings multiple of 3x (based on earnings of year 5).

Discount rate
A discount rate of 7% has been considered based on the all equity structure and the related cost of capital of the investee company.

13 INVESTMENT PROPERTIES

	2013 *USD'000*	*2012* *USD'000*
Balance at 1 January	**2,118,640**	1,847,600
Additions during the year	**2,385**	11,745
Disposals during the year	**-**	(18,782)
Adjustment during the year	**(37,967)**	-
Fair value gain on investment properties	**230,828**	278,077
Balance at 31 December	**2,313,886**	2,118,640

During 2012, the Group disposed an investment property with a carrying value of USD 14,757 thousand to a related party for a consideration of USD 30,000 thousand. The gain on such disposal has been recorded within income from investment properties.

The adjustment above represents reversal of certain old outstanding construction accruals. These reversals have been made as management believes that the Group would not be required to incur these costs as either the final settlements have been agreed with the relevant contractors or else a number of years have elapsed since the completion of the project and it is reasonable to expect that a variation claim would not be made / pursued by the contractors for the relevant projects.

Investment properties are stated at fair value, determined based on valuations performed by an accredited independent valuer which specialises in valuing these types of investment properties.

The valuation of the developed properties was carried out using the Discounted Cash Flow (DCF) Method while the valuation of undeveloped land was based on the comparable method. The valuation is based on assumptions made by the Valuer in relation to the future rental yields, discount rates and occupancy rates. In case of undeveloped land the Valuer adopted a rate of AED per sqft on Gross Floor Area.

No interest was capitalised within the carrying value of investment property during the current and prior year.

13 INVESTMENT PROPERTIES (continued)

The income earned by the Group from these investment properties has been disclosed in the consolidated income statement and comprises:

	2013 USD'000	*2012 USD'000*
Rental income from investment properties	**145,727**	128,809
Gain on sale of investment property	**3,269**	15,243
	148,996	144,052

The significant direct operating expenses incurred during the year, in relation to the investment properties on which rental income is earned by the Group amounted to USD 26,225 thousand (2012: USD 26,247 thousand) and are included in other general and administration expenses under office administration expenses.

These investment properties are categorised in Level 2 and Level 3 for fair value measurement.

	31 December 2013 USD'000	*Investment properties carried at fair value*		
		Level 1 USD'000	*Level 2 USD'000*	*Level 3 USD'000*
2013	**2,313,886**	-	**45,261**	**2,268,625**
2012	2,118,640	-	34,325	2,084,315

The movement in Level 3 investment properties is as follows:

	2013 USD'000	*2012 USD'000*
At 1 January	**2,084,315**	1,812,889
Additions during the year	**2,385**	11,745
Disposal during the year	-	(14,755)
Adjustment during the year	**(37,967)**	-
Fair value gain on investment properties	**219,892**	274,436
At 31 December	**2,268,625**	2,084,315

The key inputs to the valuation of investment properties are as follows:

Developed Properties:
Estimated current market rentals for different types of properties
Rent growth rate of 2% per annum
Discount rate of 7.25% to 8.75% per annum
Exit Yield of 6.75% to 8.25% per annum

Undeveloped land:
Estimated benchmark values per square foot of the maximum permitted gross floor area.

13 INVESTMENT PROPERTIES (continued)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

14 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software USD'000	*Furniture, fixtures, office equipment and accessories USD'000*	*Motor vehicles USD'000*	*Property under development USD'000*	*Total USD'000*
Cost:					
At 1 January 2013	5,222	23,828	75	22,862	51,987
Additions during the year	42	291	-	-	333
Disposals during the year	-	(4,527)	-	-	(4,527)
Exchange rate movements	-	(160)	-	-	(160)
At 31 December 2013	**5,264**	**19,432**	**75**	**22,862**	**47,633**
Accumulated depreciation and impairment:					
At 1 January 2013	5,166	9,439	68	22,862	37,535
Depreciation charge for the year	31	428	7	-	466
Relating to disposals	-	(2,446)	-	-	(2,446)
Exchange rate movements	-	(78)	-	-	(78)
At 31 December 2013	**5,197**	**7,343**	**75**	**22,862**	**35,477**
Net book value					
At 31 December 2013	**67**	**12,089**	**-**	**-**	**12,156**

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer equipment and software USD '000	*Furniture, fixtures, office equipment and accessories USD '000*	*Motor vehicles USD '000*	*Property under development USD '000*	*Total USD '000*
Cost:					
At 1 January 2012	5,210	23,602	75	22,862	51,749
Additions during the year	8	8	-	-	16
Exchange rate movements	4	218	-	-	222
At 31 December 2012	5,222	23,828	75	22,862	51,987
Accumulated depreciation and impairment:					
At 1 January 2012	5,139	8,774	67	21,296	35,276
Depreciation charge for the year (*)	23	566	1	-	590
Exchange rate movements	4	99	-	-	103
Impairment charge for the year	-	-	-	1,566	1,566
At 31 December 2012	5,166	9,439	68	22,862	37,535
Net book value					
At 31 December 2012	56	14,389	7	-	14,452

* During 2012, depreciation charge of USD 6 thousand was charged to a related party.

14.1 Furniture, fixtures, office equipment and accessories include non-depreciable assets amounting to USD 11,857 thousand (2012: USD 11,857 thousand)

15 DISCONTINUED OPERATIONS

During prior years, the Group decided to sell Villa Moda Lifestyle Company K.S.C. (closed) ("Villa Moda"). Villa Moda was operating in a financially challenging environment, making it difficult for the Group to derive real growth and profitability from the segment. Accordingly Villa Moda was classified as an asset held for sale during prior years. However, certain circumstances arose which were considered unlikely at the time of classification of Villa Moda as held for sale and, as a result, Villa Moda was not sold within the stipulated time. Currently Villa Moda is in liquidation and management believes that its classification as a discontinued operation is appropriate.

During 2012, the Group sold D-Clear Europe Limited ("D-Clear") and Aptec Holding Limited ("Aptec") (see note 1).

During 2011, the management of the Group decided to sell Despec International FZCO ("Despec") as well. The sale transaction for Despec was completed during 2012.

The results of discontinued operations for the year are presented below:

	2013 ***USD'000***	*2012* *USD'000*
Revenue		
License and maintenance revenue	-	30,618
Fee and other income	-	-
Sale of goods	-	189,751
	-	220,369
Cost of sales	-	(186,555)
Gross Profit		33,814
Gains from investments	-	-
Depreciation expense	-	(712)
Other general and administration expenses	-	(36,509)
Impairment in respect of an associate	-	-
Foreign exchange gain / (loss)	-	965
Operating loss	-	(2,442)
Loss on sale of subsidiaries and associates (see note 1)	-	(72,944)
Finance cost	-	(797)
Share of results of associates and joint ventures	-	-
Loss for the year from discontinued operations before tax and impairment	-	(76,183)
Income tax credit	-	1,047
Impairment loss reversed in respect of the assets of the disposal group (see note 15.1)	-	-
Loss for the year from discontinued operation	-	(75,136)

15 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities of discontinued operations as at the year-end are as follows:

	2013 *USD'000*	*2012* *USD'000*
Assets		
Cash and cash equivalents	**449**	449
Investment securities	**85**	85
Trade, other receivables and other assets	**52,296**	52,296
Investments in associates and joint ventures	**146**	146
Property, plant and equipment	**33,361**	33,361
Intangible assets (see note 15.1)	**7,435**	7,435
	93,772	93,772
Less provision for impairment against assets classified as held for sale	**(23,910)**	(23,910)
Assets classified as held for sale	**69,862**	69,862
Liabilities		
Due to banks	**37,135**	37,135
Trade, other payables and other liabilities	**32,727**	32,727
Liabilities directly associated with assets classified as held for sale	**69,862**	69,862

Carrying values of the above assets and liabilities relate to Villa Moda.

The net cash flows of the Group from discontinued operations are as follows:

	2013 *USD'000*	*2012* *USD'000*
Operating activities	-	14,299
Investing activities	-	265,219
Financing activities	-	(9,713)
Net cash inflow	-	269,805

15.1 Management of the Group carried out an assessment of the fair value of the disposal group held for sale and as a result of such assessment identified impairment in the carrying value of the disposal group.

Such impairment assessment was based on management's internal valuation of the disposal group which resulted in identification of an impairment amounting to USD 23,910 thousand which is being maintained against the overall net assets of the disposal group appearing in the consolidated financial statements. The impairment provision was made in prior years.

16 SHARE CAPITAL

	2013 *USD'000*	*2012* *USD'000*
Authorised, issued and fully paid up share capital:		
200,000,000 ordinary shares of USD 1 each (2012: 200,000,000 ordinary shares of USD 1 each)	**200,000**	200,000

17 OTHER RESERVES

	Fair value reserve USD'000	***Currency translation reserve USD'000***	***Total USD'000***
At 1 January 2013	**(1,084)**	**6,809**	**5,725**
Changes in fair value of financial asset at fair Value through other comprehensive income	**(2,535)**	**-**	**(2,535)**
Currency translation movements	**-**	**(455)**	**(455)**
At 31 December 2013	**(3,619)**	**6,354**	**2,735**

	Fair value reserve USD'000	*Currency translation reserve USD'000*	*Total USD'000*
At 1 January 2012	(162,412)	(73,082)	(235,494)
Currency translation movements	-	(2,429)	(2,429)
Changes in fair value of financial asset at fair value through other comprehensive income	3,239	-	3,239
Reserve relating to financial asset at fair value through other comprehensive income transferred to retained earnings upon disposal of investment (see note 17.1)	158,089	1,832	159,921
Transfer of reserves of subsidiary to consolidated income statement upon disposal of the subsidiary	-	80,488	80,488
At 31 December 2012	(1,084)	6,809	5,725

17.1 During 2012, the Group sold certain financial assets classified as at fair value through other comprehensive income, to a related party in partial settlement of the Group's loan obligation towards the related party. The related reserves amounting to negative USD 159,921 thousand in respect of these investments were transferred to retained earnings as per the requirements of IFRS 9 (see note 8).

18 DUE TO THE GOVERNMENT OF DUBAI

Due to the Government of Dubai included two loans amounting to USD 500 million each (2012: two loans of USD 500 million each). One of the loans was originally repayable in two equal installments in May 2012 and May 2013 ("Loan A") while the other loan was originally repayable in one installment in 2013 ("Loan B"). Repayments of both of these loans were rescheduled in prior years.

As part of such rescheduling the repayment of the principal and interest on Loan A was deferred until April 2014. During 2012 and 2013, Loan A was partially settled through sale of certain investments to the lender (see notes 4, 8 and 17).

Interest on Loan B was payable on a quarterly basis whereas the repayment of the principal was deferred up to February 2016.

During 2012 the Group entered into subordination agreements in respect of both loans whereby payments under the loan agreements are now subordinated to the senior liabilities of the Group, disclosed in note 19, and accordingly payments of these loans including interest is not required till the settlement or discharge of the senior liabilities. However interest on these loans is still being accrued in accordance with the terms of the loan agreement.

Interest on both these loans is repayable at the rate of 6.45% per annum (2012: 6.45% per annum) with a default interest rate applicable on the outstanding loan balance of 2% per annum (2012: 2% per annum).

19 DUE TO BANKS AND OTHER INSTITUTIONS

	2013 ***USD'000***	*2012* *USD'000*
Due within one year	**-**	12,917
Due after one year but within five years	**783,217**	936,810
	783,217	949,727

During 2012, the Group entered into a financing arrangement with a syndication of banks for the settlement of the Group's Sukuk obligations. The terms of the financing were agreed under a Common Terms Agreement ("CTA") dated 2 June 2012, wherein interest on the USD 1,035 million financing is to be paid quarterly at 3-month EIBOR plus 3.8% per annum in respect of the AED denominated portion and 3-month LIBOR plus 3.8% per annum in respect of the USD denominated portion and the principal is payable in annual instalments agreed with banks until June 2017.

As per terms of CTA, excess cash reserves, determined at the end of each quarter, in the books of each entity within the DIFC structure (as set out in CTA) are required to be transferred to support the repayment of the Company's obligations. As at 31 December 2012, the Group had partially settled its balance due to be paid during 2013 in advance under the annual installment arrangement. As at 31 December 2013, the Group has fully settled its balance due to be paid during 2014 and partially settled the amount due to be paid in 2015 in advance under the annual installment arrangement. Investment securities and investment properties disclosed in note 8 and note 13 are pledge against the bank loan.

Due to banks carry an effective interest rate ranging from 0.61% to 5.1% per annum (2012: 0.61% to 5.5% per annum).

During the year 2012 the Group has also entered into interest rate swap arrangements as required by CTA (see note 9).

During 2012, the Group repaid its Sukuk obligations in full on the due date.

20 TRADE, OTHER PAYABLES AND OTHER LIABILITIES

	2013 USD'000	2012 USD'000
Accounts payable	7,250	12,915
Due to related parties (see note 23)	5,227	14,809
Deferred revenue	17,889	16,137
Construction related accruals	4,720	44,197
Accrued expenses	242,676	187,315
Security deposits	32,844	31,343
Retention payable	4,179	6,926
Advances from customers	14,163	16,637
Provision for employees' end of service benefits (see note 21)	241	177
Provision for onerous lease contracts *	16,788	21,335
Others	88,803	6,660
	434,780	358,451

* Movement in the provision for onerous lease contracts during the year is as follows:;

	2013 USD'000	2012 USD'000
At 1 January	21,355	-
Charge for the year	-	21,355
Reversal during the year	(4,567)	-
At 31 December	16,788	21,355

21 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2013 USD'000	2012 USD'000
At 1 January	177	153
Transfer from/ (to) related parties (see note 21.1)	3	(20)
Charge for the year	93	62
Payments made during the year	(32)	(18)
At 31 December	241	177

21.1 During the current and prior year, certain employees were transferred between the Group and its related parties. The above amounts of transfers represent provision for employees' end of service benefits of those employees at the date of such transfers.

22 CONTINGENCIES AND COMMITMENTS

22.1 The Group has the following commitments at the end of the year:

	2013 USD'000	2012 USD'000
Investment commitments	887	2,754

22 CONTINGENCIES AND COMMITMENTS (continued)

22.2 In prior years a claim was made against the Group requiring the Group to contribute to the costs of certain infrastructure development. The claim is under negotiation and the Group has made provision for this based on their best estimate. Management believes that owing to sensitivities surrounding the claim it is prejudicial to the Group's interest to make any further disclosures.

23 RELATED PARTY TRANSACTIONS

Related parties represent associated entities, the owner and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties (also see note 3). Pricing policies and terms of these transactions are approved by the Group's management.

The Group has entered into the following significant transactions with related parties in the ordinary course of business.

	2013 USD'000	*2012 USD'000*
Short term benefits – key management personnel	**820**	477
Employees' end of service benefits – key management personnel	**49**	49
Shared service cost charged by a related party (see note 5)	**9,899**	8,685
Finance cost	**55,078**	112,315

	2013 USD'000	*2012 USD'000*
Due to the Government of Dubai (see note 18)	**570,048**	647,198

Balances due from and due to other related parties have been disclosed in notes 10 and 20 to these consolidated financial statements respectively. These balances arose in the normal course of business and are unsecured, interest free and repayable upon lender's demand. The Group has not recorded any impairment loss in respect of amounts due from related parties during the current and prior year.

During the year, financial liabilities of the Group amounting to USD 34,734 thousand were directly settled by the Owner. These were treated as increase in Group's equity as it is no longer payable to the Owner.

Other transactions with the related parties have been disclosed in notes 1, 4, 8, 13, 14, 17 and 21 to these consolidated financial statements.

24 RISK MANAGEMENT

Financial risk factors
The Group's activities expose it to a variety of financial risks and involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of realisable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The senior management is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, concentrations of risk, market risk and liquidity risk. Market risk includes currency risk, interest rate risk and price risk.

Credit risk
Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk arises from investment, treasury and other activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated authorities, policies and procedures. The management of credit risk also involves the monitoring of risk concentrations by industrial sector as well as by geographic location.

The Group has an internal credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.
The table below shows the maximum exposure to credit risk for the components of Group's statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements, if any.

	Notes	***Gross maximum exposure 2013 USD'000***	*Gross maximum exposure 2012 USD'000*
Cash and cash equivalents	7	**87,046**	84,438
Investment securities - funds	8	**100,680**	133,045
Trade, other receivables and other assets	10	**43,338**	57,691
Assets classified as held for sale	15	**28,920**	28,920
Total credit risk exposure		**259,984**	304,094

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references have been made to the specific notes.

24 RISK MANAGEMENT (continued)

Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk
The table below shows a geographical segment analysis of the maximum exposure to credit risk for the components of the Group's statement of financial position without taking into account any collateral and other credit enhancements.

	2013 Assets USD'000	*2012 Assets USD'000*
GCC & other Middle Eastern countries	**248,027**	292,125
Other countries	**11,957**	11,969
	259,984	304,094

The table below shows an industry wise analysis of the maximum exposure to credit risk for the components of the Group's statement of financial position without taking into account any collateral and other credit enhancements.

	Gross maximum exposure 2013 USD'000	*Gross maximum exposure 2012 USD'000*
Banks and financial institutions	**96,844**	95,166
Commercial and business	**62,460**	75,883
Investment companies and funds	**100,680**	133,045
	259,984	304,094

Its 5 largest customers account for 64% of outstanding accounts receivable at 31 December 2013 (2012: 46%).

Liquidity risk
Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind and by maintaining a healthy balance of cash and cash equivalents.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

24 RISK MANAGEMENT (continued)

Liquidity risk (continued)
The table below summarises the maturities of the Group's undiscounted financial liabilities at the year-end based on contractual payment dates and current market interest rates.

2013

	On demand USD'000	*Less than 3 months USD'000*	*3 to 12 months USD'000*	*1 to 5 years USD'000*	*Total USD'000*
Due to the Government of Dubai	-	-	-	1,016,350	1,016,350
Due to banks and other institutions	-	12,379	35,897	971,442	1,019,718
Trade, other payables and other liabilities	-	18,245	4,720	37,023	59,988
Derivative liabilities	-	-	-	7,118	7,118
Liabilities directly associated with assets classified as held for sale	-	-	69,862	-	69,862
Total	-	30,624	110,479	2,031,933	2,173,036

2012

	On demand USD'000	*Less than 3 months USD'000*	*3 to 12 months USD'000*	*1 to 5 years USD'000*	*Total USD'000*
Due to the Government of Dubai	-	-	-	978,192	978,192
Due to banks and other institutions	349	13,007	56,688	1,161,914	1,231,958
Trade, other payables and other liabilities	-	34,384	44,197	38,269	116,850
Derivative liabilities	-	-	-	10,436	10,436
Liabilities directly associated with assets classified as held for sale	-	-	69,862	-	69,862
Total	349	47,391	170,747	2,188,811	2,407,298

Market risk
The Group is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk arises from fluctuations in interest rates, foreign exchange rates and equity prices.

Interest rate risk
The Group is exposed to interest rate risk on its interest bearing assets and liabilities, principally comprising its variable rates borrowings and cash and cash equivalents.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

Assumed change in benchmark rate:	***Sensitivity of consolidated income statement***	
	2013 USD'000	*2012 USD'000*
± 100 basis points	**±7,832**	±9,497

24 RISK MANAGEMENT (continued)

Interest rate risk (continued)
There is no other impact on Group's equity as a result of changes in interest rates.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's results for one year, based on the floating rate financial assets and financial liabilities held at the year-end.

Currency risk
Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates.

The assets of the Group are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. However, the Group does have some exposures due to open positions being held in certain other currencies. At the year-end, the Group had the following significant net exposures denominated in foreign currencies:

	Net overall long / (short) position	
	2013 USD'000 equivalent	*2012 USD'000 equivalent*
Pound Sterling	**23,257**	22,812
Egyptian Pound	**172,105**	173,721
	195,362	196,533

The analysis in the table below calculates the effect of a reasonably possible increase of the relevant currency rate against the USD, with all other variables held constant on the consolidated income statement and equity. A negative amount in the table reflects a potential deterioration of the consolidated profit / equity while a positive amount reflects a potential improvement in the consolidated profit / equity.

Currency	***Change in currency rate in % 2013***	***Effect on profit 2013 USD'000***	*Change in currency rate in % 2012*	*Effect on profit 2012 USD'000*
Pound Sterling	**5**	**1,163**	5	1,141
Egyptian Pound	**5**	**86**	5	40

Currency	***Change in currency rate in % 2013***	***Effect on equity 2013 USD'000***	*Change in currency rate in % 2012*	*Effect on equity 2012 USD'000*
Pound Sterling	**5**	**1,163**	5	1,141
Egyptian Pound	**5**	**8,605**	5	8,686

The effect of a reasonably possible decrease of the relevant currency rate by 5% against USD with all the other variables held constant would be exactly opposite to the effect shown in the above table.

As the UAE Dirham is currently pegged to the US Dollar, balances in UAE Dirhams are not considered to represent significant currency risk.

24 RISK MANAGEMENT (continued)

Equity price risk
Equity price risk is the risk that the fair values of equities may change as a result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on the consolidated income statement / equity (as a result of a change in the fair value of equity instruments held as fair value at year-end) due to a reasonably possible change in investment prices, with all other variables held constant, is as follows:

	Change in equity price 2013 %	***Effect on consolidated profit 2013 USD'000***	*Change in equity price 2012 %*	*Effect on consolidated profit 2012 USD'000*
Listed investments	**±10**	**±46**	±10	±180
Other investments	**±10**	**± 1,393**	±10	±1,485
Funds	**±10**	**±10,068**	±10	±13,304

	Change in equity price 2013 %	***Effect on consolidated equity 2013 USD'000***	*Change in equity price 2012 %*	*Effect on consolidated equity 2012 USD'000*
Listed investments	**±10**	**±46**	±10	±180
Other investments	**±10**	**±18,509**	±10	±26,683
Funds	**±10**	**±10,068**	±10	±13,304

Operational risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Fair value of financial instruments
Fair value represents the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between book-value under the historical cost method and fair value estimates. The fair values of the Group's financial instruments are not materially different from their carrying values at year end, since assets and liabilities are either short-term in nature, valued using quoted market prices and in the case borrowings are frequently repriced and the prevalent interest rates reflect risks associated with the borrowings.

25 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise owner value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the owner, return capital to the owner or issue new shares. Capital comprises share capital, other reserves and retained earnings, and is measured at USD 954,696 thousand as at 31 December 2013 (2012: USD 719,259 thousand).

DIFC Investments LLC
and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE OWNER OF DIFC INVESTMENTS LLC

We have audited the accompanying financial statements of DIFC Investments LLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009 and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the owner of the Company, for our audit work, for this report or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2012 and of its financial performance and of its cash flows for the year then ended in accordance with International Financial Reporting Standards.

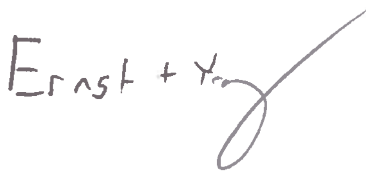
A member firm of Ernst & Young Global Limited

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE OWNER OF DIFC INVESTMENTS LLC (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 2 of 2009. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 2 of 2009 have occurred during the year which would have had a material effect on the business of the Company or on its financial position



12 May 2013

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Notes	2012 USD'000	2011 USD'000
CONTINUING OPERATIONS			
Revenue			
Income from investment properties	13	**144,052**	128,328
Fees and other income		**26,761**	29,125
		170,813	157,453
Cost of sales		**(7,238)**	(7,593)
Gross profit		**163,575**	149,860
Fair value gain on investment properties	13	**278,077**	180,823
Gain / (loss) from investments and derivatives - net	4	**1,361**	(64,705)
Depreciation expense	14	**(584)**	(1,637)
Other general and administration expenses	5	**(74,662)**	(53,214)
Provision for impairment in respect of construction work in progress		**(1,566)**	-
Foreign exchange losses - net		**1,087**	(984)
Operating profit		**367,288**	210,143
Finance income		**1,304**	6,401
Finance cost		**(154,431)**	(62,311)
Finance cost – net		**(153,127)**	(55,910)
Gain on sale of subsidiary	1	**3,267**	-
Share of results of associates and joint ventures	11	**(677)**	35,039
Profit before tax from continuing operations		**216,751**	189,272
Income tax expense		**(7)**	(9)
Profit for the year from continuing operations		**216,744**	189,263
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	15	**(75,136)**	(58,720)
NET PROFIT FOR THE YEAR		**141,608**	130,543
Attributable to the Owner of the Parent from:			
Continuing operations		**216,572**	185,364
Discontinued operations		**(75,887)**	(55,479)
		140,685	129,885
Attributable to non-controlling interests		**923**	658
		141,608	130,543

The attached explanatory notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012 *USD'000*	*2011* *USD'000*
Net profit for the year	**141,608**	130,543
Changes in fair value of financial assets at fair value through other comprehensive income	**3,239**	(121,745)
Share of fair value reserve of associates	-	341
Transfer of share of reserves of an associate to consolidated income statement upon its deemed disposal (see note 4.1)	-	1,616
Reserves transferred to consolidated income statement on disposal of subsidiary	**80,488**	7,326
Currency translation movements	**(2,321)**	(4,542)
Other comprehensive income for the year	**81,406**	(117,004)
Total comprehensive income for the year	**223,014**	13,539
Attributable to the Owner of the Parent from:		
Continuing operations	**219,159**	73,118
Discontinued operations	**2,824**	(59,065)
	221,983	14,053
Attributable to non-controlling interests	**1,031**	(514)
	223,014	13,539

The attached explanatory notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	*2012 USD'000*	*2011 USD'000*
ASSETS			
Cash and cash equivalents	7	84,481	98,870
Investment securities	8	401,678	759,830
Trade, other receivables and other assets	10	60,036	141,078
Investments in associates and joint ventures	11	1,088	1,765
Intangible assets	12	5,472	5,472
Investment properties	13	2,118,640	1,847,600
Property, plant and equipment	14	14,452	16,473
Assets classified as held for sale	15	69,862	504,549
TOTAL ASSETS		2,755,709	3,375,637
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Owner of the Parent			
Share capital	16	200,000	200,000
Other reserves	17	5,725	(235,494)
Retained earnings		513,534	532,770
		719,259	497,276
Non-controlling interests		776	6,303
Total equity		720,035	503,579
Liabilities			
Due to the Government of Dubai	18	647,198	1,000,000
Due to banks and other institutions	19	949,727	147,439
Due to Sukuk certificate holders	20	-	1,250,000
Derivative liabilities	9	10,436	-
Trade, other payables and other liabilities	21	358,451	238,390
Liabilities directly associated with assets classified as held for sale	15	69,862	236,229
Total liabilities		2,035,674	2,872,058
TOTAL EQUITY AND LIABILITIES		2,755,709	3,375,637

These consolidated financial statements were approved by the Board of Directors on 12 MAY 2013 and signed on its behalf by:

Managing Director

Chief Financial Officer

The attached explanatory notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

	Notes	*2012* *USD'000*	*2011* *USD'000*
OPERATING ACTIVITIES			
Net profit before tax from continuing operations		**216,751**	189,272
(Loss) / profit for the year before tax from discontinued operations	15	**(76,183)**	(63,407)
		140,568	125,865
Adjustments for:			
Depreciation	14	**584**	2,285
Share of results of associates and joint ventures	11	**677**	(38,601)
Provision for impairment in respect of investments in associates and joint ventures	11	**-**	1,121
Provision for impairment in respect of intangible assets		**-**	63,836
Provision for lease losses	5.1	**21,335**	-
Fair value gains / (losses) on investment securities and related financings	4	**(862)**	56,132
Changes in fair value of derivative financial instruments	4	**10,436**	12,518
Dividend income	4	**(10,935)**	(3,945)
Finance income		**(1,304)**	(6,401)
Finance cost		**155,228**	72,780
Impairment of advances and other receivables - net	10	**1,292**	3,795
Provision for employees' end of service benefits	22	**62**	(50)
Fair value gain on investment properties	13	**(278,077)**	(180,823)
Gain on sale of investment property		**(15,243)**	-
Impairment of property and equipment		**1,566**	-
Amortisation of deferred consideration		**-**	(1,012)
Amortisation of deferred cost		**3,162**	-
Loss on sale of investment		**69,677**	3,762
Exchange and other adjustments		**(2,440)**	(4,550)
		95,726	106,712
Changes in operating assets and liabilities:			
Trade and other receivables and other assets		**20,731**	(52,847)
Trade and other payables and other liabilities		**53,625**	28,609
Net cash generated from operations		**170,082**	82,474
Income tax credit received		**1,040**	7,169
Employees' end of service benefits paid during the year	22	**(18)**	(100)
Transfer of employees' end of service benefits to related parties	22	**(20)**	(115)
Net cash generated from operating activities		**171,084**	89,428
INVESTING ACTIVITIES			
Investment securities (including investments in associates and joint ventures) - net		**9,451**	66,664
Net cash received on disposal of subsidiary		**234,976**	8,722
Proceeds from disposal of intangible assets		**-**	2,808
Additions to property, plant and equipment and investment property		**(16,662)**	(5,005)
Proceeds from disposal of property, plant and equipment and investment property		**34,025**	4
Dividend received		**10,995**	4,682
Finance income received		**1,304**	6,401
Net cash generated from investing activities		**274,089**	84,276
FINANCING ACTIVITIES			
Borrowings from banks and other financial institutions		**1,010,065**	-
Repayment to Sukuk certificate holders		**(1,250,000)**	-
Repayment to banks and other financial institutions		**(210,939)**	(349,453)
Finance cost paid		**(43,018)**	(30,450)
Net cash used in financing activities		**(493,892)**	(379,903)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(48,719)**	(206,199)
Cash and cash equivalents at the beginning of the year		**133,649**	339,848
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**84,930**	133,649

The attached explanatory notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to the owner of the Parent					
	Share capital USD'000	*Other reserves USD'000 (see note 17)*	*Retained earnings USD'000*	*Total USD'000*	*Non-controlling interests USD'000*	*Total equity USD'000*
At 1 January 2012	200,000	(235.494)	532,770	497.276	6,303	503,579
Profit for the year	-	-	140,685	140.685	923	141.608
Changes in fair value of financial assets at fair value through other comprehensive income	-	3,239	-	3.239	-	3,239
Reserves transferred to consolidated income statement upon disposal of subsidiary	-	80,488	-	80,488	-	80,488
Currency translation movements	-	(2,429)	-	(2,429)	108	(2,321)
Other comprehensive income for the year	-	81,298	-	81.298	108	81,406
Total comprehensive income for the year	-	81,298	140,685	221,983	1.031	223,014
Realised fair value gain on disposal of financial asset at fair value through other comprehensive income	-	159,921	(159,921)	-	-	-
Disposal of subsidiary	-	-	-	-	(6.558)	(6,558)
At 31 December 2012	**200,000**	**5,725**	**513,534**	**719,259**	**776**	**720,035**

The attached explanatory notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2012

	Attributable to the owner of the Parent					
	Share capital USD'000	*Other reserves USD'000 (see note 17)*	*Retained earnings USD'000*	*Total USD'000*	*Non-controlling interests USD'000*	*Total equity USD'000*
At 1 January 2011	200,000	(119,619)	402,842	483,223	16,440	499,663
Net profit for the year	-	-	129,885	129,885	658	130,543
Changes in fair value of financial assets at fair value through other comprehensive income	-	(121,745)	-	(121,745)	-	(121,745)
Share of fair value reserves of associates	-	341	-	341	-	341
Share of reserves of an associate transferred to consolidated income statement upon its deemed disposal (see note 4)	-	1,616	-	1,616	-	1,616
Reserves transferred to income statement upon disposal of subsidiary	-	7,326	-	7,326	-	7,326
Currency translation movements	-	(3,370)	-	(3,370)	(1,172)	(4,542)
Other comprehensive income for the year	-	(115,832)	-	(115,832)	(1,172)	(117,004)
Total comprehensive income for the year	-	(115,832)	129,885	14,053	(514)	13,539
Realised fair value gain on disposal of financial asset at fair value through other comprehensive income	-	(43)	43	-	-	-
Disposal of subsidiary	-	-	-	-	(9,623)	(9,623)
At 31 December 2011	**200,000**	**(235,494)**	**532,770**	**497,276**	**6,303**	**503,579**

The attached explanatory notes 1 to 27 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

DIFC Investments LLC (the "Company") was established on 27 November 2005, as a Company Under Formation under the Companies Law, DIFC Law No. 3 of 2006 and was subsequently formally incorporated as a limited liability company by the Registrar of Companies of the Dubai International Financial Centre ("DIFC") on 22 May 2006. The Company is legally a wholly owned subsidiary of the Dubai International Financial Centre Authority ("DIFCA"). It is, however, held by DIFCA for the beneficial interest of the Government of Dubai and therefore is not consolidated in the financial statements of DIFCA.

The principal activities of the Company are to deal in financial instruments, invest in and incorporate banking, investment and other financial projects and companies and to possess, own, sell and lease land and any other immovable and movable properties, and develop such properties in order to achieve the objectives of the Dubai International Financial Centre ("DIFC").

The Company's registered office is at Level 14, The Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

These consolidated financial statements incorporate the results and the financial position of the Company and its subsidiaries (together the "Group").

The details of the significant subsidiaries of the Company which have been consolidated in these financial statements are given below:

Name	Direct / indirect ownership / beneficial interest 2012	2011	Country of incorporation	Principal activities
D-Clear Europe Limited (disposed in 2012)	-	100%	United Kingdom	Intermediate holding company
Aptec Holdings Limited (disposed in 2012)	-	60%	DIFC, UAE	Intermediate holding company
DIFC Lifestyle LLC	**100%**	100%	DIFC, UAE	Intermediate holding company
Gate Media LLC	**100%**	100%	DIFC, UAE	Production, advertisement, design, communication and all audio / video related media platforms and products
Emirates Consulting Group LLC (DIFC)	**75%**	75%	DIFC, UAE	Labor contracting, recruitment process and outsourcing
DIFC Connections Korlatolt FelosseguTarsasag	**100%**	100%	Hungary	Intermediate holding company
DIFC Global Limited	**100%**	100%	United Kingdom	General commercial company
Hawkamah - Institute for Corporate Governance LLC (disposed in 2012)	-	100%	DIFC, UAE	Providing policy advice to government agencies and firms on corporate governance codes and practices and conducting and holding training events on corporate governance

1 CORPORATE INFORMATION (continued)

Name	Direct / indirect ownership / beneficial interest 2012	2011	Country of incorporation	Principal activities
GCF Management Limited	**100%**	100%	DIFC, UAE	Advising on financial and investment products or credit
The First Technologies Trading (L.L.C)	**100%**	100%	Dubai, UAE	General trading
DIFC Investments – Dubai (L.L.C)	**100%**	100%	Dubai, UAE	To invest in commercial, agriculture and industrial holding and trust companies
D-Clear LLC	**100%**	100%	DIFC, UAE	Investment in technology, e-commerce, research and development and information technology
DIFC Global Limited	**100%**	100%	Hong Kong	Intermediate holding company and purchase, lease of properties
DIFC Art LLC	**100%**	100%	DIFC, UAE	Art exhibitions, art logistics, art investments, art club and education
Art Dubai LLC	**100%**	100%	DIFC, UAE	Intermediate holding company
Kuwait Investments LLC	**100%**	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
European Investments LLC	**100%**	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
DIFC Global LLC	**100%**	100%	DIFC, UAE	Holding company for all overseas business centres owned by the Company
DIFC Arbitration Centre LLC	**100%**	100%	DIFC, UAE	Administering and providing arbitration and dispute resolution services
Tech Point LLC	**100%**	100%	Dubai, UAE	Computer software and equipment trading and data processing
Tech Fort LLC	**100%**	100%	Dubai, UAE	Computer software and equipment trading and data processing

1 CORPORATE INFORMATION (continued)

D-Clear Europe Limited owns 100% of SmartStream Technologies Group Limited ("SmartStream"). SmartStream is incorporated in United Kingdom and acts as an intermediate holding company and has the following wholly owned subsidiaries:

Name	Country of incorporation	Principal activities
SmartStream Funding Limited	United Kingdom	Intermediate holding company
SmartStream Acquisition Limited	United Kingdom	Intermediate holding company
SmartStream Technologies Holdings Limited	United Kingdom	Intermediate holding company
SmartStream Technologies Limited	United Kingdom	Software company
SBS International Holdings Limited	United Kingdom	Intermediate holding company
SmartStream Technologies GmbH, Vienna	Austria	Software company
SmartStream Technologies (Deutschland) GmbH	Germany	Software company
SmartStream Technologies Schweiz GmbH	Switzerland	Software company
SmartStream Technologies France S.A.	France	Software company
SmartStream Technologies Iberia SL	Spain	Software company
SmartStream Technologies Benelux-Nordic N.V.	Belgium	Software company
SmartStream Technologies Italia Srl	Italy	Software company
SmartStream Technologies (Asia Pacific) Pty Ltd	Singapore	Software company
SmartStream Technologies Inc.	United States of America	Software company
African Management Data Pty Ltd	South Africa	Software company
SmartStream Technologies Australia Pty Ltd	Australia	Software company
SmartStream Technologies Luxembourg S.A.	Luxembourg	Software company
SmartStream Technologies India Private Ltd	India	Software company
SmartStream Technologies (Dubai) LLC	DIFC, UAE	Software company
SmartStream Technologies (Beijing) Co Limited	China	Software company

During 2012, the Group sold D-Clear Europe Limited for a consideration of USD 250,000 thousand to its related party. These consolidated financial statements included the results of D-Clear Europe Limited upto the date of such sale. The Group made a loss of USD 71,792 thousand on such disposal and this has been included in the loss from discontinued operations (see note 15).

1 CORPORATE INFORMATION (continued)

Aptec Holdings Limited has the following wholly owned subsidiaries:

Subsidiary	Country of incorporation	Principal activities
Aptec Distribution FZ LLC	Dubai, UAE	Distribution of Information Technology products
Track Distribution Middle East FZ LLC	Dubai, UAE	Distribution of Information Technology products
Advanced Technology Services FZ LLC	Dubai, UAE	Providing consultancy services in the field of Information Technology
Aptec Lebanon S.A.L.	Lebanon	Distribution of Information Technology products
Aptec Distribution (SA) Ltd	British Virgin Islands	Distribution of Information Technology products
Arabian Applied Technology Company	Saudi Arabia	Distribution of Information Technology products
Notegarden Limited	United Kingdom	Providing consultancy services
Aptec Egypt Limited (limited liability company)	Egypt	Distribution of Information Technology products
Advanced Logistics Systems LLC	Dubai, UAE	Carrying out of activities of logistics, transport, shipping and storage

During 2012, the Group sold Aptec Holdings Limited for a consideration of USD 12,000 thousand. These consolidated financial statements include the results of Aptec Holdings Limited upto the date of such sale. The consideration for such sale was received during 2012. The Group recorded a loss of USD 1,079 thousand on such disposal and this has been included in the loss from discontinued operations in 2011 (see note 15).

DIFC Lifestyle LLC owns 60.36% of Villa Moda Lifestyle K.S.C. (closed) which has the following significant subsidiaries:

Subsidiary	Country of incorporation	Principal activities
Villa Moda General Trading Company WLL	Kuwait	General trading and contracting
Villa Moda Gulf WLL	Kuwait	General trading and contracting
Villa Moda Syria LLP	Syria	Trading in luxury readymade garments and accessories
Villa Moda Fashion Company Bahrain WLL	Bahrain	Trading in luxury readymade garments and accessories
Villa Moda Qatar WLL	Qatar	Trading in luxury readymade garments and accessories

1 CORPORATE INFORMATION (continued)

Gate Media LLC owns 75% of CPI Financial FZ LLC, a company incorporated in Dubai, UAE. CPI Financial FZ LLC is involved in publishing of financial magazines and other materials for the Middle East region through both print and digital media.

Emirates Consulting Group LLC (DIFC) owns 99% of Emirates Consulting Group LLC (UAE), a company incorporated in Dubai, UAE and involved in the provision of labor contracting and recruitment process and outsourcing services.

DIFC Connections Korlatolt FelosseguTarsasag owns 100% of BHB Bedford Properties Inc. which owns 100% of BHB Master Partnership LLC, which in turn wholly owns BHB Owner LLC. BHB Bedford Properties Inc., BHB Master Partnership LLC and BHB Owner LLC are all incorporated in United States of America. BHB Bedford Properties Inc. is an intermediate holding company while the principal activity of BHB Master Partnership LLC and BHB Owner LLC is to hold investment properties.

During 2012, the Group sold Hawkamah – Institute for Corporate Governance LLC for a consideration of USD 1 to a related party. These consolidated financial statements included the results of Hawkamah – Institute for Corporate Governance LLC upto the date of such sale. The Group made a gain of USD 3,267 thousand on such disposal and this has been included in the consolidated income statement.

During 2011, the Group sold one of its subsidiaries, Despec International FZCO, for a consideration of USD 27,000 thousand. These consolidated financial statements include the results of Despec International FZCO upto the date of such sale. The consideration for such sale was payable in three installments by 31 December 2013. An amount of USD 15,000 thousand was received during 2011 and an amount of USD 7,000 thousand was received subsequent to 31 December 2012. The Group had made a loss of USD 3,762 thousand on such disposal which is included in the loss from discontinued operations in 2011 (see note 15).

2 BASIS OF PREPARATION

Accounting convention
The consolidated financial statements have been prepared under the historical cost convention, except for the measurement of investment securities, derivative financial instruments and investment properties at fair values. Net assets classified as held for sale have been written down to Nil (being their realisable value) on an aggregate basis.

The functional currency of the Company is AED. However, the consolidated financial statements are presented in US Dollars (USD) for the convenience of the users. This does not have any significant effect on the consolidated financial statements as the UAE Dirham is currently pegged to the US Dollar. All the values in the consolidated financial statements are rounded to the nearest thousand USD except where otherwise stated.

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

New accounting Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to IFRS effective as of 1 January 2012:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

All the above have been adopted by the Group and had no significant impact on the consolidated financial statements.

2 BASIS OF PREPARATION (continued)

Standards issued but not yet effective
The Standards and Interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt these Standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
IAS 19 Employee Benefits (Amendment)
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32
IFRS 1 Government Loans – Amendments to IFRS 1
IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
Annual Improvements May 2012

None of the above Standards and Interpretations are expected to have any impact on the consolidated financial statements of the Group except for the following:

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to the consolidated income statement at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits (Amendment)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. Management believes that there will be no significant impact of this on the consolidated financial statements of the Group.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this Standard will have on the financial position and performance. This Standard becomes effective for annual periods beginning on or after 1 January 2013.

The Group early adopted IFRS 9, Financial Instruments - Classification and Measurement in 2011.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the consolidated income statement
- Reclassifies the parent's share of components previously recognised in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

Significant management judgement and estimates
The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual result.

Management is also required to exercise its judgement in the process of applying the Group's accounting policies. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and believes that the Group has the necessary required resources to enable it to continue its operations and meet its obligations as and when they fall due.

Based on the above, the management believes that the Group will be able to continue as a going concern for the foreseeable future, and accordingly, the financial statements of the Group have been prepared on a going concern basis.

Classification of investments
Management decides on acquisition of an investment whether it should be classified as a financial asset at amortised cost, a financial asset at fair value through profit or loss or a financial asset at fair value through other comprehensive income. For those investments deemed to be financial assets at amortised cost, management ensures that the requirements of IFRS 9 are met and, in particular, that the financial asset has met the business model and characteristic tests as defined within the reporting standard.

The Group classifies financial assets at fair value through profit or loss, including trading securities, if they are acquired primarily for the purpose of making a short term profit.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as financial assets at fair value through profit or loss.

All other investments are classified as financial assets at fair value through other comprehensive income.

Classification of property leases
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

2 BASIS OF PREPARATION (continued)

Significant management judgement and estimates (continued)

Impairment of goodwill

The Group tests annually, in accordance with the Group's accounting policy, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units are determined based on either their relative fair value or by using value-in-use calculations. The value-in-use calculations and the determination of relative fair values require significant management judgements and the use of estimates.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transaction;
- current fair value of another investment that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models

The determination of cash flows and discount factors for unquoted equity investments requires significant estimations. The Group calibrates the valuation techniques periodically and tests them for validity using either inputs from observable comparable current market transactions or from other available observable market data.

Valuation of investment properties

Management usually utilises the services of independent accredited valuers for the valuation of its investment properties. The assumptions used by such valuers are reviewed and approved by management. Significant assumptions used in such valuations include the following:

- appropriate discount rates;
- future construction cost and expected time of construction in case of property subject to development;
- occupancy rates;
- market rentals, and
- marketability of the property

The above requires use of significant management judgement and estimates.

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements based on their best estimate. This estimate is based on, among other factors, an assumption that the Group will renew its annual lease over the estimated useful life. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where useful life is less than previously estimated life.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill (continued)
Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Foreign currency translation
(a) Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement.

(b) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) all the assets and liabilities are translated at the rate of exchange prevailing at the reporting date;
b) income and expenses are translated at average exchange rates; and
c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is disposed of or sold, exchange differences relating to such foreign operations that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes or duty. The manner of recognition of revenue for specific classes of transaction is explained in the following paragraphs:

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of land and buildings
The difference between the proceeds from the sale of land and buildings and their respective cost is recognised in the consolidated income statement when the legal title passes to the buyer and, until such time, any amount received from customers is treated as advances from customers.

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods.

Rendering of services
Revenue from service charges is recognised when the services are rendered.

Rental income
Rental income from operating leases is recognised as income on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis.

Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

Dividends
Revenue is recognised when the Group's right to receive the dividend is established.

Fee income
Membership fees are recognised on a straight line basis over the membership period.

Training fees are recognised as and when the training is delivered.

License and maintenance revenue
The Group assesses whether the fee is fixed or determinable and collection is reasonably assured at the outset of an agreement. In determining whether the fee is fixed or determinable, the Group reviews the terms and conditions of the agreement. The Group assesses whether collection is reasonably assured based on a number of factors, including the terms and conditions of the agreement and the customer's past transaction history and credit-worthiness. If it is determined that collection of a fee is not reasonably assured, the Group defers the fee and recognises revenue at the time collection becomes reasonably assured.

Many customers who license software also enter into separate professional services arrangements with the Group. The Group reviews whether such arrangements should be considered alongside other elements/arrangements to determine whether the arrangements taken together should be considered as one arrangement. Professional Services are generally separable from the other elements under the arrangement, since the performance of the services is not essential to the core software functionality of the software (i.e. the services do not involve significant production, modification or customisation of the software).

Generally, consulting and implementation services are sold on a time-and-materials basis and revenue is recognised when the services are performed. Contracts with fixed or "not to exceed fees" are recognised on a percentage of completion method. When the provision of services represents more than one performance act, the nature of the service contract is reviewed to determine which revenue recognition method best reflects the nature of services performed. Provided all other revenue recognition criteria have been met, the revenue recognition method selected reflects the pattern in which the obligations to the customers have been fulfilled. If there is a significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. In determining whether professional services revenue should be accounted for separately from licence revenue, the Group evaluates, among other factors, the nature of the software, whether it is ready for use by the customer upon receipt, the nature of the Group's implementation services, which typically do not involve significant customisation or development of the underlying software code, the availability of services from other vendors, whether the timing of payments for licence fees is coincident with performance of services and whether milestones or acceptance criteria exist that affect the collectability of the software license fee.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

License and maintenance revenue (continued)

Maintenance revenue is deferred and recognised rateably over the term of the maintenance and support period. Where customers benefit over the implementation period from product enhancements normally provided as maintenance services, an element of the licence fee is deferred and recognised rateably over the implementation period up to the start of paid maintenance.

Training revenue is recognised as training services are delivered. To the extent that training is bundled in an arrangement, the revenue allocated is based on the value of stand-alone sales of training services.

For arrangements that do not qualify for separate accounting, the license and professional services revenues are recognised together using the percentage-of-completion method.

Under the percentage-of-completion method, revenue recognised is equal to the ratio of costs expended to date to the anticipated total contract costs, based on current estimates of costs to complete the project. If the total estimated costs to complete a project exceed the total contract amount, indicating a loss, the entire anticipated loss would be recognised immediately.

Revenues that are recognised ahead of billings are shown as accrued income. Expenses recharged to customers are recognised as revenue.

Cash and cash equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash on hand, current accounts with banks and bank deposits with an original maturity of less than three months.

Financial assets

Date of recognition

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by regulation or convention in the market place.

Initial measurement of financial asset

Financial assets are classified into the following categories: 'financial assets measured at amortised cost', 'financial assets measured at fair value through profit or loss', and 'financial assets measured at fair value through other comprehensive income'.

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value with the transaction costs expensed in the period in which they are incurred.

Financial assets at amortised cost

Debt instruments are subsequently measured at amortised cost less impairment loss if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at fair value through profit or loss - see below). They are subsequently remeasured at amortised cost using the effective interest method less any impairment, with interest revenue recognised on an effective yield basis in finance income. Impairment is the difference between carrying amount and the present value of the future cash flows discounted at the original effective interest rate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets at amortised cost (continud)

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to fair value through profit or loss, if the objective of the business model changes so that the amortised cost criteria are no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating finance income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Debt instrument that do not meet the amortised cost criteria described above, or that meet the criteria but the Group has chosen to designate them as at fair value through profit or loss at initial recognition, are measured at fair value through profit or loss.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at fair value through profit or loss, if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Subsequent to initial recognition, the Group is required to reclassify held for trading debt instruments from fair value through profit or loss to amortised cost if the objective of the business model changes so that the amortised cost criteria starts to be met and the instrument's contractual cash flows meet the amortised cost criteria. Reclassification of debt instruments designated as at fair value through profit or loss at initial recognition is not allowed.

Investments in equity instruments are classified as fair value through profit or loss, unless the Group designates an investment that is not held for trading as fair value through other comprehensive income (FVTOCI) at initial recognition (see below).

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated income statement. Fair value is determined in the manner described in Note 8.

Dividend income on investments in equity instruments at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI. Designation as FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are remeasured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to consolidated income statement, but is reclassified to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Reclassification of financial assets

The financial assets are required to be reclassified if the objective of the Group's business model for managing those financial assets changes. Such changes are expected to be very infrequent. These changes are determined by the Group's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties.

If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. Any previously recognised gains, losses or finance income are not required to be restated.

If the Group reclassifies a financial asset so that it is measured at fair value, its fair value is determined at the reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in consolidated income statement.

If the Group reclassifies a financial asset so that it is measured at amortised cost, its fair value at the reclassification date becomes its new carrying amount.

The reclassification day is the first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either:
  - i) has transferred substantially all the risks and rewards of the asset, or
  - ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Fair value

The fair values of quoted investment securities are based on current bid prices. For unlisted securities and certain listed securities where the market is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Derivative instruments

Derivative instruments are initially recognised in the statement of financial position at fair value and subsequently also remeasured at fair values obtained from quoted market prices or other appropriate valuation models. All derivative instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses arising from changes in the fair value of derivative instruments are included in the consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade, other receivables and other assets
Trade, other receivables and other assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously impaired or written off are credited in the consolidated income statement.

Inventory
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Investment in associates
Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. Goodwill relating to the associate is included within the carrying amount of the investment and is not amortised or separately tested for impairment.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal to the share of losses not recognised. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared for the same accounting period as the Group. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

The use of the equity method of accounting is discontinued from the date on which the Group ceases to have significant influence in an associate entity.

Investment in joint ventures
The Group has investments in joint ventures which are jointly controlled entities, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the respective entities. The Group recognises its investment in joint ventures using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the respective joint venture, less any impairment in value. The consolidated income statement reflects the post acquisition share of the results of operations of the joint venture. After the carrying value of an investment in a joint venture is reduced to nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal to the share of losses not recognised.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in joint ventures (continued)
Goodwill relating to the joint ventures is included in the carrying amount of the respective investments and is not amortised. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income. Adjustments are made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its joint ventures. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The use of equity method of accounting is discontinued from the date on which the Group ceases to have a joint control over, or have significant influence in, a jointly controlled entity.

The financial statements of the joint ventures are prepared for the same accounting period as the Group. Where necessary, adjustments are made to bring the accounting policies of joint ventures in line with those of the Group.

Investment properties
Properties held by the Group for the purpose of earning rentals or for capital appreciation or both are classified as investment properties. This also includes properties which are in the course of construction or development for future use as investment properties. Land held for currently undetermined future use is also classified as an investment property.

Investment properties including investment properties under construction are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying acceptable valuation models.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated income statement in the period of derecognition.

Transfers are made to or from investment property when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, as a result of change in use, the Group accounts for such property in accordance with the policy stated in property, plant and equipment upto the date of change in use.

No assets held under operating leases have been classified as investment properties.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

Land and property under development is not depreciated. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Buildings	10-30 years
Computer equipment and software	3 years
Furniture, fixtures, office equipment and accessories	3-10 years
Motor vehicles	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Gains and losses on disposal of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount and are taken into account in determining the results for the period.

Property under development is stated at cost together with financing costs incurred from the date of commencement of the project to the date on which it is commissioned. When commissioned, property under development is transferred to the appropriate category of property, plant and equipment and depreciated in accordance with the Group's accounting policies.

Non-depreciable assets are stated at cost less accumulated impairment.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset. Amortisation on the intangible assets appearing in the books of the Group is currently being calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives which are as follows:

Trade name	10 years
Customer relationships	10 years
Developed software	8 years
Others	3 years

The assets' residual values, useful lives and methods of amortisation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of associates and joint ventures is included in the carrying value of investments in associates or joint ventures and is not disclosed separately. Goodwill included in the carrying value of investments in associates or joint ventures is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on separately recognised goodwill are not reversed. Gains and losses on the disposal of an entity are arrived at after taking into account the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement for the reporting period, and for the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and, further, that a reliable estimate of the amount of the obligation can be made.

Provision for staff benefits

A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 relating to General Pension and Social Security Law and is charged to the consolidated income statement.

Provision is made for the full amount of end of service benefits due to expatriate employees based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with the DIFC laws. A provision is also made for the estimated liability in respect of expatriate employees' entitlements to leave passage and leave pay as a result of services rendered by the employees up to the reporting date.

Provision for employees' end of service benefits for subsidiary companies not subject to UAE or DIFC laws is made in accordance with the governing labour or similar law in the country of incorporation of respective entities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax
Income tax is provided by the subsidiaries of the Group in accordance with the applicable local regulations.

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability, in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on laws that have been enacted at the reporting date.

Deferred income tax asset is recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to the items recognised directly in equity is recognised in equity and not in the consolidated income statement.

Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment previously are reviewed for possible reversal of the impairment at each reporting date.

4 GAIN / (LOSS) FROM INVESTMENTS AND DERIVATIVES – NET

	2012 USD'000	*2011 USD'000*
Fair value gains / (losses) on investment securities and related financing (see note 4.1)	**862**	(56,132)
Fair value losses on derivative financial instruments (see note 9)	**(10,436)**	(12,518)
Dividend income	**10,935**	3,945
	1,361	(64,705)

4.1 During 2012, the Group sold its investment in a fund to a related party against settlement of a debt obligation of the Group towards that related party. The Group recorded a gain of USD 6,613 thousand on such disposal which is classified within gain on investment securities.

During 2011, the Group transferred part of its' investment in Dubai Aerospace Enterprise Limited ("DAE") to another shareholder (a related party) of DAE for no consideration. As a result of such transfer, the Group's investment in DAE reduced from 23.34% to 17.04%. As a result of such reduction in investment, the management believed that the Group lost significant influence over DAE. As per the requirements of IFRS, such a loss of significant influence over DAE was accounted for as a disposal of an associate. Accordingly, an amount of USD 1,616 thousand which was previously recorded in equity in relation to the Group's investment in DAE was charged to consolidated income statement during 2011.

4 GAIN / (LOSS) FROM INVESTMENTS AND DERIVATIVES – NET (continued)

Further, as a result of the above mentioned disposal, the Group classified its remaining investment in DAE as a financial asset at fair value through other comprehensive income. The fair value of the Group's reduced investment in DAE at the date of disposal was lower than its' carrying value by an amount of USD 29,610 thousand. This difference was charged to the consolidated income statement. The sum of both amounts, being USD 31,226 thousand, was classified within loss on investment securities in 2011.

5 OTHER GENERAL AND ADMINISTRATION EXPENSES

	2012 *USD'000*	*2011* *USD'000*
Staff costs (see note 6)	**7,203**	7,738
Advertising expenses	**388**	97
Legal and professional fees	**1,584**	2,137
Office administration expenses	**31,088**	31,600
System operating expenses	**350**	386
Communication costs	**237**	328
Shared costs charged by a related party (see note 24)	**8,685**	10,423
Provision for doubtful debts, net of recoveries (see note 10)	**1,292**	2,646
Others (see note 5.1)	**23,835**	(2,141)
	74,662	53,214

5.1 Other expenses include a charge of USD 21,335 thousand in relation to an onerous lease contract entered into by the Group in prior years.

6 STAFF COSTS

	2012 *USD'000*	*2011* *USD'000*
Salaries	**4,590**	4,969
Bonuses, incentives and other benefits	**2,543**	2,744
Recruitment, training and other benefits	**70**	25
	7,203	7,738

7 CASH AND CASH EQUIVALENTS

	2012 *USD'000*	*2011* *USD'000*
Cash and bank balances	**38,660**	38,637
Placements with banks and other financial institutions	**45,821**	60,233
	84,481	98,870

Placements with banks and other financial institutions carried an effective interest rate of 0.025% to 2.60% per annum (2011: 0.001% to 3.65%).

For the purpose of the Consolidated Statement of Cash Flows, in addition to the above balances, cash and cash equivalents also include cash and cash equivalents of the discontinued operations amounting to USD 449 thousand (2011: USD 34,779 thousand) (see note 15).

8 INVESTMENT SECURITIES

	2012 USD'000	*2011 USD'000*
Financial asset at fair value through other comprehensive income	**251,984**	483,548
Investment securities at fair value through profit or loss		
- Equities	**16,649**	16,903
- Funds	**133,045**	259,379
	149,694	276,282
	401,678	759,830

During the year, management disposed of certain investments for USD 352,802 thousand to a related party in settlement of its debt obligations towards that related party. The gain / loss on the disposal of such investments has been disclosed in notes 4 and 17 of these consolidated financial statements.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at the year-end, the Group held the following investments:

	31 December 2012 USD'000	***Investments carried at fair value***		
		Level 1 USD'000	***Level 2 USD'000***	***Level 3 USD'000***
Equities	**268,633**	**1,799**	**187,767**	**79,067**
Funds	**133,045**	**-**	**133,045**	**-**
	401,678	**1,799**	**320,812**	**79,067**

As at 31 December 2011, the Group held the following investments:

	31 December 2011 USD'000	*Investments carried at fair value*		
		Level 1 USD'000	*Level 2 USD'000*	*Level 3 USD'000*
Equities	500,451	1,628	419,756	79,067
Funds	259,379	-	259,379	-
	759,830	1,628	679,135	79,067

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior year.

8 INVESTMENT SECURITIES (continued)

During 2012, there were no movements of financial instruments classified within Level 3 of the fair value hierarchy. During 2011, investments previously carried at cost were transferred to Level 3 of the fair value hierarchy on account of the early adoption of IFRS 9 which prohibits measurement of investment at cost. Management, however, believed that cost was the best proxy for the fair value of such investments as at 31 December 2011. There were no other movements in the investments classified within Level 3 of the fair value hierarchy during 2011.

9 DERIVATIVE ASSETS / DERIVATIVE LIABILITIES

	2012 *USD'000*	*2011* *USD'000*
Interest rate swap	**10,436**	-
Notional amount (net position)	**517,727**	-

During 2012, the Group entered into interest rate swap arrangements as required by the Common Terms Agreement ("CTA") entered into with a syndication of banks and swapped the variable element of the interest rate on the loans with a fixed rate. Management has treated these swaps as derivatives and has measured them at fair value at the year-end in accordance with the requirements of International Financial Reporting Standards. The loss on derivatives during the year has been classified within gain / (loss) from investments and derivatives in the consolidated income statement for the year (see note 4).

The derivative liabilities were classified within Level 2 of the fair value hierarchy.

In prior years, the Group entered into derivative contracts in the normal course of business and such derivatives were also classified within Level 2 of the fair value hierarchy. Throughout the current and prior year such derivatives were classified within Level 2 of the fair value hierarchy.

10 TRADE, OTHER RECEIVABLES AND OTHER ASSETS

	2012 *USD'000*	*2011* *USD'000*
Trade receivables	**28,864**	40,966
Dividends receivable	**-**	60
Advances - net	**7,520**	8,737
Refundable deposits	**101**	101
Due from related parties (see note 24)	**4,704**	64,030
Unbilled revenue	**2,452**	1,667
Prepayments	**2,345**	1,777
Others	**14,050**	23,740
	60,036	141,078

10 TRADE, OTHER RECEIVABLES AND OTHER ASSETS

At year end, trade receivables and advances to suppliers, sub-contractors and developers at nominal value of USD 41,200 thousand (2011: USD 39,908 thousand) were impaired. Movement in the allowance for impairment during the year is as follows:

	2012 USD'000	*2011 USD'000*
At 1 January	**39,908**	38,434
Charge for the year (includes USD Nil relating to discontinued operations (2011: USD 1,149 thousand))	**1,292**	3,795
Written off during the year	**-**	(2,120)
Transferred against assets classified as held for sale (see note 15)	**-**	(201)
At 31 December	**41,200**	39,908

10.1 At the year end, ageing of unimpaired trade receivables is as follows:

			Past due but not impaired				
	Total USD'000	*Neither past due nor impaired USD'000*	*Upto 30 days USD'000*	*30-60 days USD'000*	*60-90 days USD'000*	*90-120 days USD'000*	*More than 120 days USD'000*
2012	**28,864**	**15,386**	**2,229**	**771**	**378**	**657**	**9,443**
2011	40,966	19,244	1,339	187	173	1,584	18,439

The normal credit period allowed by the Group is 30 days after which trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collaterals against receivables.

11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's interest in its associates and joint ventures are as follows:

	Notes	*Carrying amount of investments* 2012 USD'000	*Carrying amount of investments* 2011 USD'000	*Percentage of equity owned* 2012	*Percentage of equity owned* 2011	*Country of incorporation*
Joint ventures						
Dubai Executive Jets Ltd	11.1	-	-	**50%**	50%	Dubai, UAE
Art Dubai Fair LLC	11.2	**1,088**	1,765	**51%**	51%	DIFC, UAE
		1,088	1,765			

11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Assets, liabilities, revenue and results of the principal associates and joint ventures are set out below:

31 December 2012	*Assets USD'000*	*Liabilities USD'000*	*Revenue USD'000*	*Results USD'000*
Dubai Executive Jets Ltd	**15**	**-**	**-**	**(128)**
Art Dubai Fair LLC	**2,444**	**290**	**3,228**	**(1,328)**

31 December 2011	*Assets USD'000*	*Liabilities USD'000*	*Revenue USD'000*	*Results USD'000*
Dubai Executive Jets Ltd	609	698	-	(493)
Art Dubai Fair LLC	3,896	606	3,355	(1,274)

11.1 Dubai Executive Jets Limited

During prior years, the Group entered into a joint venture agreement to form a company by the name of Dubai Executive Jets Limited in which the Group took a 50% stake. Dubai Executive Jets Limited has entered into a contract which entitles it to the rights to acquire aircrafts.

	2012 USD'000	*2011 USD'000*
Investment in share capital	**21,098**	21,098
Share of post acquisition results	**(6,758)**	(6,758)
Distributions received	**(14,340)**	(14,340)
	-	-

During 2011, management has reduced the carrying value of Group's investment in Dubai Executive Jets Limited to Nil owing to the underlying financial position. As at 31 December 2011, management also recorded a separate liability of USD 115 thousand to account for Group's share of expected additional obligations in relation to its investment in Dubai Executive Jets Limited. During 2012, such obligation was paid by the Group.

11.2 Art Dubai Fair LLC

During prior years, the Group entered into a joint venture agreement through one of its subsidiaries, Art Dubai LLC to form Art Dubai Fair LLC, a joint venture in which the Group held 51% investment. Management of the Group classified this investment as a joint venture as the strategic financial and operating decisions relating to the entity required consent of both the shareholders of the entity. The principal activities of the joint venture are to undertake the business of owning, launching, promoting and managing the brand name "Art Dubai".

	2012 USD'000	*2011 USD'000*
Investment in share capital	**4,106**	4,106
Share of post acquisition results	**(3,018)**	(2,341)
	1,088	1,765

11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

11.3 DMZ LLC

During prior years, the Group subscribed to 43% of the issued and paid up share capital of DMZ LLC. The principal activities of DMZ LLC were to enter into any and all kinds of commercial activities related to investment in real estate and investment securities. During 2011, the investment was reclassified as an asset held for disposal.

	2011 *USD'000*
Investment in share capital	3,010
Share of post acquisition results	1,784
Dividend received	(302)
	4,492
Provision for impairment in value of investment (see note 15)	(1,121)
	3,371
Transferred to assets classified as held for sale (see note 15)	(3,371)
	-

11.4 Dubai Aerospace Enterprise Limited

The Group owned a 23.34% investment in the issued and paid up share capital of Dubai Aerospace Enterprise ("DAE"). The principal activities of DAE were to act as an independent aviation service provider and global manufacturer of aircraft systems etc. During 2011, the Group's investment in DAE was diluted and the investment was reclassified as at fair value through other comprehensive income as management believed DAE was no longer an associate of the Group as a result of the above mentioned dilution of investment.

	2011 *USD'000*
Initial investment in share capital	175,130
Subsequent investment made	78,390
	253,520
Share of post acquisition results and reserves:	
- Share of post acquisition results	(27,091)
- Changes in other reserves	(1,616)
	224,813
Provision for impairment in value of investment	(80,316)
	144,497
Transferred to financial asset at fair value through other comprehensive income (see note 4.1)	(144,497)
	-

11.5 Despec Turkey

A subsidiary of the Group held a 40.37% investment in the share capital of Despec Turkey. The principal activities of Despec Turkey included the distribution of printer supplies, storage and other IT stationery and accessories.

During 2011, Despec Turkey was disposed of as part of an arrangement for the sale of Despec International FZCO (see note 1).

12 INTANGIBLE ASSETS

	2012 *USD'000*	*2011* *USD'000*
Goodwill (see note 12(a))	**5,472**	5,472
Others (see note 12(b))	**-**	-
	5,472	5,472

12 (a) Goodwill

At the year-end, management computed the recoverable amount of its investment (cash generating unit) with which the goodwill is associated and concluded that there is no need for any impairment in the carrying value of goodwill at the reporting date. The computation of such recoverable amount is based on the relative fair value or value-in-use calculations of the related investment (cash generating unit).

	2012 *USD'000*	*2011* *USD'000*
At 1 January	**5,472**	8,430
Transferred to assets classified as held-for-sale (see note 15)	**-**	(2,958)
	5,472	5,472

The carrying value of goodwill appearing in the consolidated financial statements (relating to continuing operations) relates to the investment made by the Group in CPI Financial FZ LLC.

12 (b) Others

	Other Intangibles *USD'000*
Cost:	
At 1 January 2011	49
Transfer to assets classified as held for sale (see note 15)	(49)
At 31 December 2011	-
Accumulated amortisation:	
At 1 January 2011	15
Transfer to assets classified as held for sale (see note 15)	(15)
At 31 December 2011	-
Net book value:	
At 31 December 2011	-

There were no movements in the balance of other intangibles in the current year.

13 INVESTMENT PROPERTIES

	2012 *USD'000*	*2011* *USD'000*
Balance at 1 January	**1,847,600**	1,665,159
Additions during the year	**11,745**	1,618
Disposals during the year	**(18,782)**	-
Fair value gain on investment properties	**278,077**	180,823
Balance at 31 December	**2,118,640**	1,847,600

During the year, the Group disposed an investment property with a carrying value of USD 14,757 thousand to a related party for a consideration of USD 30,000 thousand. The gain on such disposal has been recorded within income from investment properties.

Investment properties are stated at fair value, determined based on valuations performed by an accredited independent valuer which specializes in valuing these types of investment properties.

The valuation of the developed properties was carried out using the Discounted Cash Flow Method while the valuation of undeveloped land was based on the Residual Value Method. The valuation is based on suitable assumptions in relation to the future rental yields, discount rates and occupancy rates. In case of undeveloped land the assumptions used also include future construction cost and the time period over which the construction would be phased.

No interest was capitalised within the carrying value of investment property during the current and prior year.

The income earned by the Group from these investment properties has been disclosed in the consolidated income statement and comprises:

	2012 *USD'000*	*2011* *USD'000*
Rental income from investment properties	**128,809**	128,328
Gain on sale of investment property	**15,243**	-
	144,052	128,328

The significant direct operating expenses incurred during the year, in relation to the investment properties on which rental income is earned by the Group, are:

	2012 *USD'000*	*2011* *USD'000*
Office administration	**17,992**	17,164
Facility management expenses and insurance	**8,255**	9,046
	26,247	26,210

14 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software USD'000	*Furniture, fixtures, office equipment and accessories USD'000*	*Motor vehicles USD'000*	*Property under development USD'000*	*Total USD'000*
Cost:					
At 1 January 2012	5,210	23,602	75	22,862	51,749
Additions during the year	8	8	-	-	16
Exchange rate movements	4	218	-	-	222
At 31 December 2012	**5,222**	**23,828**	**75**	**22,862**	**51,987**
Accumulated depreciation and impairment:					
At 1 January 2012	5,139	8,774	67	21,296	35,276
Depreciation charge for the year (*)	23	566	1	-	590
Exchange rate movements	4	99	-	-	103
Impairment charge for the year	-	-	-	1,566	1,566
At 31 December 2012	**5,166**	**9,439**	**68**	**22,862**	**37,535**
Net book value					
At 31 December 2012	**56**	**14,389**	**7**	**-**	**14,452**

* Depreciation charge of USD 6 thousand was charged to a related party.

14.1 Furniture, fixtures, office equipment and accessories include non-depreciable assets amounting to USD 11,857 thousand (2011: USD 11,857 thousand)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings USD'000	*Computer equipment and software USD'000*	*Furniture, fixtures, office equipment and accessories USD'000*	*Motor vehicles USD'000*	*Property under development USD'000*	*Total USD'000*
Cost:						
At 1 January 2011	13,861	5,177	37,031	1,081	22,862	80,012
Additions during the year	221	127	284	129	-	761
Disposals during the year	-	(62)	(103)	(189)	-	(354)
Relating to a subsidiary disposed during the year	(13,783)	(32)	(10,028)	-	-	(23,843)
Exchange rate movements	-	-	(19)	-	-	(19)
Transferred to assets classified as held for sale (see note 15)	(299)	-	(3,563)	(946)	-	(4,808)
At 31 December 2011	-	5,210	23,602	75	22,862	51,749
Accumulated depreciation and impairment:						
At 1 January 2011	6,421	4,780	20,114	882	21,296	53,493
Depreciation charge for the year (includes USD 648 thousand relating to discontinued operations)	239	422	1,542	82	-	2,285
Relating to disposals during the year	-	(62)	(101)	(187)	-	(350)
Relating to a subsidiary disposed during the year	(6,552)	-	(9,879)	-	-	(16,431)
Exchange rate movements	-	(1)	(26)	-	-	(27)
Transferred to assets classified as held for sale (see note 15)	(108)	-	(2,876)	(710)	-	(3,694)
At 31 December 2011	-	5,139	8,774	67	21,296	35,276
Net book value						
At 31 December 2011	-	71	14,828	8	1,566	16,473

15 DISCONTINUED OPERATIONS

During prior years, the Group decided to sell Villa Moda Lifestyle Company K.S.C. (closed) ("Villa Moda"). Villa Moda was operating in a financially challenging environment, making it difficult for the Group to derive real growth and profitability from the segment. Accordingly Villa Moda was classified as an asset held for sale during prior years. However, certain circumstances arose which were considered unlikely at the time of classification of Villa Moda as held for sale and, as a result, Villa Moda was not sold within the stipulated time.

During prior years, the Group decided to sell D-Clear Europe Limited ("D-Clear") and during 2011, the Group decided to sell Aptec Holding Limited ("Aptec") and accordingly these investments were also classified as assets held for sale. The sale transactions for these investments were completed during 2012 (see note 1).

During 2011, the management of the Group decided to sell Despec International FZCO ("Despec") as well. The sale transaction for Despec was completed during 2012 (see note 1).

The results of discontinued operations for the year are presented below:

	2012 USD'000	*2011 USD'000*
Revenue		
License and maintenance revenue	**30,618**	76,802
Fee and other income	**-**	420
Sale of goods	**189,751**	571,566
	220,369	648,788
Cost of sales	**(186,555)**	(556,780)
Gross Profit	**33,814**	92,008
Gains from investments	**-**	3,711
Depreciation expense	**(712)**	(3,254)
Other general and administration expenses	**(36,509)**	(85,688)
Impairment in respect of goodwill (see note 15.1)	**-**	(63,836)
Impairment in respect of an associate	**-**	(1,121)
Foreign exchange gain / (loss)	**965**	(782)
Operating loss	**(2,442)**	(58,962)
Loss on sale of subsidiaries and associates (see note 1)	**(72,944)**	(3,762)
Finance cost	**(797)**	(10,469)
Share of results of associates and joint ventures	**-**	3,562
Loss for the year from discontinued operations before tax and impairment	**(76,183)**	(69,631)
Income tax credit	**1,047**	4,687
Impairment loss reversed in respect of the assets of the disposal group (see note 15.1)	**-**	6,224
Loss for the year from discontinued operation	**(75,136)**	(58,720)

15 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities of discontinued operations as at the year-end are as follows:

	2012 *USD'000*	*2011* *USD'000*
Assets		
Cash and cash equivalents	**449**	34,779
Investment securities	**85**	367
Trade, other receivables and other assets	**52,296**	201,282
Investments in associates and joint ventures	**146**	3,517
Property, plant and equipment	**33,361**	43,787
Intangible assets (see note 15.1)	**7,435**	244,727
	93,772	528,459
Less provision for impairment against assets classified as held for sale	**(23,910)**	(23,910)
Assets classified as held for sale	**69,862**	504,549
Liabilities		
Due to banks	**37,135**	45,750
Trade, other payables and other liabilities	**32,727**	190,479
Liabilities directly associated with assets classified as held for sale	**69,862**	236,229

Carrying values of the above assets and liabilities as at 31 December 2011 relate to Villa Moda, D-Clear and Aptec, however, carrying values of the above assets and liabilities as at 31 December 2012 relate to Villa Moda only as the disposal of D-Clear and Aptec was completed during 2012 and hence the amounts for current and prior year are not comparable.

The net cash flows of the Group from discontinued operations are as follows:

	2012 *USD'000*	*2011* *USD'000*
Operating activities	**14,299**	16,892
Investing activities	**265,219**	28,254
Financing activities	**(9,713)**	(26,163)
Net cash inflow	**269,805**	18,983

15.1 During 2011, management of the Group carried out an assessment of the fair value of all the disposal groups held for sale and as a result of such assessment identified impairment in the carrying value of the disposal groups.

The impairment in relation to one of the disposal groups amounting to USD 49,435 thousand was allocated by management to the carrying value of goodwill relating to the relevant disposal group. The fair value of this disposal group is based on the price at which the disposal group was sold to a related party during 2012.

In respect of the other disposal groups, the impairment assessment was based on management's internal valuation of the disposal groups which resulted in identification of an impairment amounting to USD 23,910 thousand (2011: USD 23,910 thousand) which is being maintained against the overall net assets of the disposal group appearing in the consolidated financial statements. Such assessment resulted in a reversal of impairment provision against net assets of the disposal groups amounting to USD Nil (2011: USD 6,224 thousand).

16 SHARE CAPITAL

	2012 USD'000	*2011 USD'000*
Issued and fully paid up share capital:		
200,000,000 ordinary shares of USD 1 each	**200,000**	200,000

17 OTHER RESERVES

	Fair value reserve USD'000	***Currency translation reserve USD'000***	***Total USD'000***
At 1 January 2012	**(162,412)**	**(73,082)**	**(235,494)**
Currency translation movements	-	**(2,429)**	**(2,429)**
Changes in fair value of financial asset at fair value through other comprehensive income	**3,239**	-	**3,239**
Reserve relating to financial asset at fair value through other comprehensive income transferred to retained earnings upon disposal of investment (see note 17.1)	**158,089**	**1,832**	**159,921**
Transfer of reserves of subsidiary to consolidated income statement upon disposal of the subsidiary	-	**80,488**	**80,488**
At 31 December 2012	**(1,084)**	**6,809**	**5,725**

	Fair value reserve USD'000	*Currency translation reserve USD'000*	*Total USD'000*
At 1 January 2011	(42,581)	(77,038)	(119,619)
Currency translation movements	-	(3,370)	(3,370)
Share of fair value reserve of associates	341	-	341
Share of reserves of an associate transferred to consolidated income statement upon deemed disposal of an associate	1,616	-	1,616
Changes in fair value of financial asset at fair value through other comprehensive income	(121,745)	-	(121,745)
Fair value reserve of financial asset at fair value through other comprehensive income transferred to retained earnings upon disposal of investment	(43)	-	(43)
Transfer of reserves of subsidiary to consolidated income statement upon disposal of the subsidiary	-	7,326	7,326
At 31 December 2011	(162,412)	(73,082)	(235,494)

17 OTHER RESERVES (continued)

17.1 During 2012, the Group sold certain financial assets classified as at fair value through other comprehensive income, to a related party in partial settlement of the Group's loan obligation towards the related party. The related reserves in respect of these investments were transferred to retained earnings as per the requirements of IFRS 9 (see note 8).

18 DUE TO THE GOVERNMENT OF DUBAI

Due to the Government of Dubai included two loans amounting to USD 500 million each (2011: two loans of USD 500 million each). One of the loans was originally repayable in two equal installments in May 2012 and May 2013 ("Loan A") while the other loan was originally repayable in one installment in 2013 ("Loan B"). Repayments of both of these loans were rescheduled.

The repayment of the principal and interest on Loan A was deferred until April 2014. During the current year, Loan A has been partially settled by way of sale of certain investments. The gain recorded on the settlement of the loan balance has been disclosed in notes 4 and 17 to these consolidated financial statements.

Interest on Loan B is payable on a quarterly basis whereas the repayment of the principal has been deferred upto February 2016.

However, management has entered into subordination agreements in respect of both loans whereby payments under the loan agreements are subordinated to the senior liabilities disclosed in note 19 and accordingly payments of these loans including interest is not required till the settlement or discharge of the senior liabilities. However interest on these loans is still being accrued in accordance with the terms of the loan agreement.

Interest on both these loans is repayable at the rate of 6.45% per annum (2011: 6.45% per annum) with a default interest rate applicable on the outstanding loan balance of 2% per annum in case of Loan B.

19 DUE TO BANKS AND OTHER INSTITUTIONS

	2012 *USD'000*	*2011* *USD'000*
Due within one year	**12,917**	147,439
Due after one year but within five years	**936,810**	-
	949,727	147,439

During the year, the Group entered into a financing arrangement with a syndication of banks for the settlement of the Group's Sukuk obligations. The terms of the financing were agreed under a Common Terms Agreement ("CTA") dated 2 June 2012, wherein interest on the USD 1,035 million financing is to be paid quarterly at 3-month EIBOR plus 3.8% per annum in respect of the AED denominated portion and 3-month LIBOR plus 3.8% per annum in respect of the USD denominated portion and the principal is payable in annual instalments agreed with banks until June 2017.

As per CTA, excess cash reserves, determined at the end of each quarter, in each entity within the DIFC structure (as defined in CTA) is required to be transferred to support the repayment of the Group's obligations. As at 31 December 2012, management has settled its balance due to be paid during 2013 in advance under the annual instalment arrangement.

Due to banks carry an effective interest rate ranging from 0.61% to 5.5% per annum (2011: 0.49% to 5.64% per annum).

The Group has also entered into interest rate swap arrangements as per the terms of the CTA which have been disclosed in note 9 to these consolidated financial statements.

20 DUE TO SUKUK CERTIFICATE HOLDERS

	2011 *USD'000*
Due within one year	1,250,000
	1,250,000

At 31 December 2011, due to Sukuk certificate holders carried an effective profit rate ranging from 0.68% to 0.92% per annum. The repayment of the Group's Sukuk obligation was refinanced through a syndication of banks (see note 19).

21 TRADE, OTHER PAYABLES AND OTHER LIABILITIES

	2012 *USD'000*	*2011* *USD'000*
Accounts payable	**12,915**	17,097
Due to related parties (see note 24)	**14,809**	24,305
Deferred revenue	**16,137**	14,861
Construction related accruals	**44,197**	49,098
Accrued expenses	**187,315**	74,923
Security deposits	**31,343**	30,342
Retention payable	**6,926**	7,479
Advances from customers	**16,637**	12,326
Provision for employees' end of service benefits (see note 22)	**177**	153
Provision for onerous lease contracts (see note 5.1)	**21,335**	-
Others	**6,660**	7,806
	358,451	238,390

22 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2012 *USD'000*	*2011* *USD'000*
At 1 January	**153**	418
Transfer to related parties (see note 22.1)	**(20)**	(115)
Charge / (reversal) for the year	**62**	(50)
Payments made during the year	**(18)**	(100)
At 31 December	**177**	153

22.1 During the current and prior year, the Group transferred some of its employees to its related parties. The above amounts of transfers represent provision for employees' end of service benefits of those employees at the date of such transfers.

23 COMMITMENTS

The Group has the following commitments at the end of the year:

	2012 *USD'000*	*2011* *USD'000*
Investment commitments	**2,754**	2,941

24 RELATED PARTY TRANSACTIONS

Related parties represent associated entities, the owner and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The Company has entered into the following significant transactions with related parties in the ordinary course of business.

	2012 *USD'000*	*2011* *USD'000*
Short term benefits – key management personnel	**477**	518
Employees' end of service benefits – key management personnel	**49**	49
Shared service cost charged by a related party	**8,685**	10,423
Finance cost	**112,315**	46,183

	2012 *USD'000*	*2011* *USD'000*
Due to the Government of Dubai (see note 18)	**647,198**	1,000,000

Balances due from and due to other related parties have been disclosed in notes 10 and 21 to these consolidated financial statements respectively. Outstanding balances at the year-end arose in the normal course of business. The Group has not recorded any impairment loss in respect of amounts due from related parties during the current and prior year.

During 2012, the Group disposed certain subsidiaries, investments and investment properties to related parties, the details of which have been disclosed in notes 1, 4, 8, 13 and 17 to these consolidated financial statements.

During 2011, the Group has disposed part of its investment in an associate to a related party (see note 4).

During 2012, an amount of USD 20 thousand (2011: USD 115 thousand) has been transferred by the Group to its related parties being the liability in respect of employees transferred by the Group to such related parties (see note 22).

Property and equipment transferred to related parties and depreciation charged to a related party have been disclosed in note 14 of these consolidated financial statements.

25 RISK MANAGEMENT

Financial risk factors
The Group's activities expose it to a variety of financial risks and involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of realisable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The senior management is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, concentrations of risk, market risk and liquidity risk. Market risk includes currency risk, interest rate risk and price risk.

Credit risk
Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk arises from investment, treasury and other activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated authorities, policies and procedures. The management of credit risk also involves the monitoring of risk concentrations by industrial sector as well as by geographic location.

The Group has an internal credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparty limits are established by the use of a credit risk classification system, which involves assigning risk ratings to counterparties. Risk ratings are subject to regular review. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.
The table below shows the maximum exposure to credit risk for the components of Group's statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements, if any.

	Notes	***Gross maximum exposure 2012 USD'000***	*Gross maximum exposure 2011 USD'000*
Cash and cash equivalents	7	**84,481**	98,870
Investment securities - funds	8	**133,045**	259,379
Trade, other receivables and other assets	10	**57,691**	139,301
Assets classified as held for sale	15	**28,920**	161,938
Total credit risk exposure		**304,137**	659,488

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references have been made to the specific notes.

25 RISK MANAGEMENT (continued)

Risk concentrations of the maximum exposure to credit risk
The table below shows a geographical segment analysis of the maximum exposure to credit risk for the components of the Group's statement of financial position without taking into account any collateral and other credit enhancements.

	2012 Assets USD'000	*2011 Assets USD'000*
GCC & other Middle Eastern countries	**292,168**	553,068
Other countries	**11,969**	106,420
	304,137	659,488

The table below shows an industry wise analysis of the maximum exposure to credit risk for the components of the Group's statement of financial position without taking into account any collateral and other credit enhancements.

	Gross maximum exposure 2012 USD'000	*Gross maximum exposure 2011 USD'000*
Banks and financial institutions	**95,209**	145,668
Commercial and business	**75,883**	254,441
Investment companies and funds	**133,045**	259,379
	304,137	659,488

Liquidity risk
Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind and by maintaining a healthy balance of cash and cash equivalents.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

The table below summarises the maturities of the Group's undiscounted financial liabilities at the year-end based on contractual payment dates and current market interest rates.

2012

	On demand USD'000	*Less than 3 months USD'000*	*3 to 12 months USD'000*	*1 to 5 years USD'000*	*Total USD'000*
Due to the Government of Dubai	-	-	-	**978,192**	**978,192**
Due to banks and other institutions	**349**	**13,007**	**88,481**	**1,123,467**	**1,225,304**
Trade, other payables and other liabilities	-	**34,384**	**44,197**	**38,269**	**116,850**
Derivative liabilities	-	-	-	**10,436**	**10,436**
Liabilities directly associated with assets classified as held for sale	-	-	**69,862**	-	**69,862**
Total	**349**	**47,391**	**202,540**	**2,150,364**	**2,400,644**

25 RISK MANAGEMENT (continued)

	On demand USD'000	*Less than 3 months USD'000*	*3 to 12 months USD'000*	*1 to 5 years USD'000*	*Total USD'000*
2011					
Due to the Government of Dubai	-	16,143	24,214	1,167,538	1,207,895
Due to banks and other institutions	349	18,948	132,898	-	152,195
Due to Sukuk certificate holders	-	2,870	1,252,870	-	1,255,740
Trade, other payables and other liabilities	-	49,208	49,098	37,821	136,127
Liabilities directly associated with assets classified as held for sale	-	-	236,229	-	236,229
Total	349	87,169	1,695,309	1,205,359	2,988,186

Market risk
The Group is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk arises from fluctuations in interest rates, foreign exchange rates and equity prices.

Interest rate risk
The Group is exposed to interest rate risk on its interest bearing assets and liabilities, principally comprising its variable rates borrowings and cash and cash equivalents.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

Assumed change in benchmark rate	*Sensitivity of net interest income*	
	2012 USD'000	*2011 USD'000*
± 100 basis points	**±15,882**	±23,580

There is no other impact on Group's equity as a result of changes in interest rates.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's results for one year, based on the floating rate financial assets and financial liabilities held at the year-end.

Currency risk
Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates.

The assets of the Group are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. However, the Group does have some exposures due to open positions being held in certain other currencies. At the year-end, the Group had the following significant net exposures denominated in foreign currencies:

25 RISK MANAGEMENT (continued)

Currency rate risk (continued)

	Net overall long / (short) position	
	2012	*2011*
	USD'000 equivalent	*USD'000 equivalent*
Pound Sterling	**22,812**	27,282
Kuwaiti Dinar	**(45,175)**	(45,175)
Egyptian Pound	**173,721**	183,524
	151,358	165,631

The analysis in the table below calculates the effect of a reasonably possible increase of the relevant currency rate against the USD, with all other variables held constant on the consolidated income statement. A negative amount in the table reflects a potential deterioration of the consolidated results while a positive amount reflects a potential improvement in the consolidated results.

Currency	***Change in currency rate in % 2012***	***Effect on profit 2012 USD'000***	*Change in currency rate in % 2011*	*Effect on profit 2011 USD'000*
Pound Sterling	5	**1,141**	5	1,364
Kuwaiti Dinar	5	**(2,259)**	5	(2,259)
Egyptian Pound	5	**8,686**	5	9,176

The effect of a reasonably possible decrease of the relevant currency rate by 5% against USD with all the other variables held constant would be exactly opposite to the effect shown in the above table.

As the US Dollar is currently pegged to the UAE Dirham, balances in UAE Dirhams are not considered to represent significant currency risk.

Equity price risk

Equity price risk is the risk that the fair values of equities may change as a result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on the consolidated income statement (as a result of a change in the fair value of equity instruments held as fair value through profit or loss at the year-end) due to a reasonably possible change in investment prices, with all other variables held constant, is as follows:

	Change in equity price 2012 %	***Effect on total comprehensive income 2012 USD'000***	*Change in equity price 2011 %*	*Effect on total comprehensive income 2011 USD'000*
Listed investments	±10	**±180**	±10	±163
Other investments	±10	**±26,683**	±10	±49,882
Funds	±10	**±13,304**	±10	±25,938

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

25 RISK MANAGEMENT (continued)

Fair value of financial instruments
Fair value represents the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between book-value under the historical cost method and fair value estimates. The fair values of the Group's financial instruments are not materially different from their carrying values at year end, since assets and liabilities are either short-term in nature, valued using quoted market prices or in the case of loans and advances and deposits, frequently repriced.

26 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise owner value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the owner, return capital to the owner or issue new shares. Capital comprises share capital, other reserves and retained earnings, and is measured at USD 719,259 thousand as at 31 December 2012 (2011: USD 497,276 thousand).

27 RECLASSIFICATION

Non-depreciable assets amounting to USD 11,857 thousand has been reclassified from trade, other receivables and other assets to property and equipment for presentation purposes.

Dubai International Financial Centre Registrar of Companies

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2014 (UNAUDITED)

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE OWNER OF REGISTRAR OF COMPANIES

Introduction

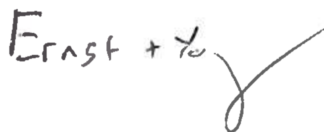
We have reviewed the accompanying interim statement of financial position of Dubai International Financial Centre Registrar of Companies (the "RoC") as of 30 June 2014 and the related interim statements of comprehensive income, cash flows and statement of changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



13 October 2014

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014 (Unaudited)

		Six months ended 30 June	
	Note	***2014 USD***	*2013 USD*
Fee income		**7,122,811**	6,504,541
General and administration expenses	3	**(435,214)**	(438,317)
PROFIT FOR THE PERIOD		**6,687,597**	6,066,224
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**6,687,597**	6,066,224

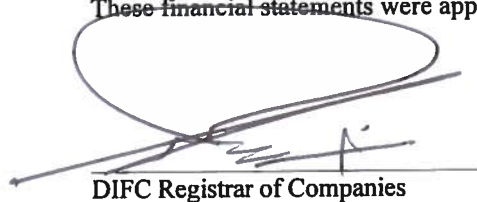
The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014 (Unaudited)

	Notes	*30 June 2014 USD (Unaudited)*	*31 December 2013 USD (Audited)*
ASSETS			
Non-current asset			
Property and equipment		**241,485**	260,522
Current assets			
Due from a related party	5	**7,716,059**	-
Bank balance		**383,444**	491,739
		8,099,503	491,739
TOTAL ASSETS		**8,340,988**	752,261
EQUITY AND LIABILITIES			
Equity			
Retained earnings		**7,185,637**	498,040
Current liabilities			
Trade and other payables	4	**954,986**	254,221
Due to a related party	5	**200,365**	-
Total liabilities		**1,155,351**	254,221
TOTAL EQUITY AND LIABILITIES		**8,340,988**	752,261

These financial statements were approved by the Registrar on 13 October 2014.



DIFC Registrar of Companies

Chief Financial Officer

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014 (Unaudited)

	Six months ended 30 June	
	2014	*2013*
	USD	*USD*
OPERATING ACTIVITIES		
Profit for the period	**6,687,597**	6,066,224
Adjustments for:		
Depreciation	**19,037**	20,972
	6,706,634	6,087,196
Working capital changes:		
Due from a related party	**(7,716,059)**	(6,309,273)
Trade and other payables	**700,765**	(54,017)
Due to a related party	**200,365**	183,549
Net cash used in operating activities	**(108,295)**	(92,545)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	**(108,295)**	(92,545)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**491,739**	505,236
CASH AND CASH EQUIVALENTS AT 30 JUNE	**383,444**	412,691

There were no cash flows from investing and financing activities in the current or prior period.

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 (Unaudited)

	Retained earnings USD	*Total USD*
Balance at 1 January 2014	498,040	498,040
Profit for the period	6,687,597	6,687,597
Other comprehensive income for the period	-	-
Total comprehensive income for the period	6,687,597	6,687,597
Balance at 30 Jun 2014	**7,185,637**	**7,185,637**

	Retained earnings USD	*Total USD*
Balance at 1 January 2013	281,610	281,610
Profit for the period	6,066,224	6,066,224
Other comprehensive income for the period	-	-
Total comprehensive income for the period	6,066,224	6,066,224
Balance at 30 June 2013	6,347,834	6,347,834

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

1 ACTIVITIES

Dubai International Financial Centre Registrar of Companies (the "RoC") was formally established on 17 September 2004 under Article 7 of DIFC Law No. 2 of 2004 (Companies Law), (as amended by DIFC Law No. 3 of 2006 and DIFC Law No. 2 of 2009) as a statutorily created 'Centre Body', as defined in DIFC Law No. 9 of 2004, pursuant to which the principal Centre Bodies of the Dubai International Financial Centre ("the DIFC") were established. RoC has been established as an agency of the Government of Dubai.

The principal activity of RoC is to advise on, receive, review and process all applications submitted by prospective DIFC registrants seeking to establish a presence in the DIFC or to renew their license in accordance with the Companies Law, the General Partnership Law, the Limited Liability Partnership Law, or the Limited Partnership Law, and the implementing regulations applicable thereto.

The registered office of RoC is Level 14, Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

2 ACCOUNTING POLICIES

a) Statement of Compliance
The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. These interim condensed financial statements do not contain all information and disclosures required for full annual audited financial statements and should be read in conjunction with the audited financial statements of the RoC as at and for the year ended 31 December 2013. In addition, results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

b) Use of estimates and judgment
The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed financial statements, the significant judgments made by management in applying the RoC's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited financial statements of the RoC as at and for the year ended 31 December 2013.

c) Significant accounting policies
The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2013 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2014. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the RoC during the current period.

The RoC has not adopted the new accounting standards or interpretations that have been issued but are not yet effective. These standards and interpretations are not likely to have any significant impact on the financial statements of the RoC in the period of their initial application.

3 GENERAL AND ADMINISTRATION EXPENSES

	Six months ended 30 June	
	2014 USD	*2013 USD*
Staff costs	**151,302**	145,542
Office administration expenses	**2,725**	3,887
Bank charges	**3,856**	2,971
Depreciation expense	**19,037**	20,972
Shared services cost charged by a related party (see note 5)	**258,294**	264,945
	435,214	438,317

4 TRADE AND OTHER PAYABLES

	30 June 2014 USD (Unaudited)	*31 December 2013 USD (Audited)*
Advances from customers	**947,087**	239,510
Accrual for leave absences	**7,577**	7,577
Accrued expenses	**322**	7,134
	954,986	254,221

5 RELATED PARTY TRANSACTIONS

Related parties represent the Registrar, associated entities and key management personnel of RoC, and entities controlled, jointly controlled or significantly influenced by RoC and such parties. Pricing policies and terms of these transactions are approved by the management of RoC.

RoC has entered into the following transactions with related parties in the ordinary course of business.

	Six months ended 30 June	
	2014 USD	*2013 USD*
Short term benefits – key management personnel	**143,922**	135,919
Pension costs – key management personnel	**14,139**	13,596
Shared service cost charged by a related party	**258,294**	264,945

One of the related parties of RoC has obtained bank financing and as part of such financing arrangement, RoC passes on its surplus funds to the related party on a regular basis to be utilised in repayment of the bank financing by the related party. Such amounts provided to the related party during the period and outstanding at the reporting date mainly represents amounts due from a related party disclosed on the statement of financial position. Such amount is unsecured, interest free and repayable upon RoC's demand.

Amount due to a related party at the reporting date is disclosed on the statement of financial position and arose in normal course of the business. Such amount is interest free, unsecured and repayable upon demand from the lender. During the current and prior periods, RoC has not made any impairment provision against amount due from a related party.

6 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

RoC is not exposed to any significant interest rate risk as it does not have any interest bearing financial assets or liabilities.

6 RISK MANAGEMENT (continued)

Credit risk
Credit risk is the risk that counterparty will fail to meet a commitment, resulting in financial loss to the RoC.

RoC seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and monitoring outstanding receivables.

With respect to credit risk arising from financial assets of RoC, including cash and cash equivalents, RoC's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
Liquidity risk is the risk that an entity will be unable to meet its net funding requirements.

RoC limits its liquidity risk by ensuring adequate funds are available at all time. The terms of services rendered by RoC require amounts to be paid by its customer in advance.

The value of undiscounted financial liabilities of RoC as at the reporting date approximate their carrying value and are all payable within 3 months of the year-end.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All financial assets and financial liabilities of RoC are either in US Dollars or UAE Dirhams. Management believes that RoC is not significantly exposed to foreign currency risk as the UAE Dirham is currently on a fixed exchange rate with the US Dollar.

7 CAPITAL MANAGEMENT

The primary objective of RoC's capital management is to ensure that it maintains healthy capital ratios in order to support its business.

RoC manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current or prior period. Capital comprises of retained earnings, and is measured at USD 7,185,637 (unaudited) as at 30 June 2014 (31 December 2013: USD 498,040 (audited)).

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balance and due from a related party. Financial liabilities consist of trade and other payables and due to a related party.

The fair values of financial instruments of RoC at the reporting date are not materially different from their carrying values.

Dubai International Financial Centre Registrar of Companies

FINANCIAL STATEMENTS

31 DECEMBER 2013

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF REGISTRAR OF COMPANIES

Report on the Financial Statements

We have audited the accompanying financial statements of Dubai International Financial Centre Registrar of Companies (the "RoC"), which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

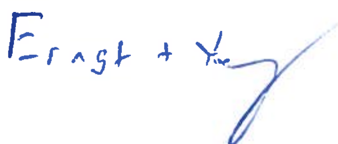
Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Registrar and the owner of RoC, for our audit work, for this report or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RoC as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



13 May 2014

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

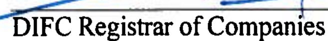
	Note	***2013 USD***	*2012 USD*
Fee income		**12,821,301**	11,536,343
General and administration expenses	3	**(934,840)**	(875,517)
NET PROFIT FOR THE YEAR		**11,886,461**	10,660,826
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,886,461**	10,660,826

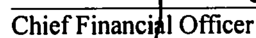
The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 USD	2012 USD
ASSETS			
Non-current assets			
Property and equipment	4	**260,522**	302,472
Current assets			
Bank balance		**491,739**	505,236
		491,739	505,236
TOTAL ASSETS		**752,261**	807,708
EQUITY AND LIABILITIES			
Equity			
Retained earnings		**498,040**	281,610
Current liabilities			
Trade and other payables	6	**254,221**	526,098
Total liabilities		**254,221**	526,098
TOTAL EQUITY AND LIABILITIES		**752,261**	807,708

These financial statements were approved by the Registrar of Companies on 13 May 2014.


DIFC Registrar of Companies


Chief Financial Officer

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	2013 *USD*	*2012* *USD*
OPERATING ACTIVITIES		
Net profit for the year	**11,886,461**	10,660,826
Adjustments for:		
Depreciation	**41,950**	42,291
	11,928,411	10,703,117
Working capital changes:		
Due from a related party	**(11,670,031)**	(18,863,210)
Trade and other payables	**(271,877)**	606,716
Net cash used in operating activities	**(13,497)**	(7,553,377)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(13,497)**	(7,553,377)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**505,236**	8,058,613
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**491,739**	505,236

There were no cash flows from investing and financing activities in the current or prior year.

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Retained earnings USD	*Total USD*
Balance at 1 January 2013	281,610	281,610
Net profit for the year	11,886,461	11,886,461
Other comprehensive income for the year	-	-
Total comprehensive income for the year	11,886,461	11,886,461
Dividends (see note 7)	(11,670,031)	(11,670,031)
Balance at 31 December 2013	**498,040**	**498,040**

	Retained earnings USD	*Total USD*
Balance at 1 January 2012	2,198,772	2,198,772
Net profit for the year	10,660,826	10,660,826
Other comprehensive income for the year	-	-
Total comprehensive income for the year	10,660,826	10,660,826
Dividends (see note 7)	(12,577,988)	(12,577,988)
Balance at 31 December 2012	281,610	281,610

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

1 ACTIVITIES

Dubai International Financial Centre Registrar of Companies (the "RoC") was formally established on 17 September 2004 under Article 7 of DIFC Law No. 2 of 2004 (Companies Law), (as amended by DIFC Law No. 3 of 2006 and DIFC Law No. 2 of 2009) as a statutorily created 'Centre Body', as defined in DIFC Law No. 9 of 2004, pursuant to which the principal Centre Bodies of the Dubai International Financial Centre ("the DIFC") were established. RoC has been established as an agency of the Government of Dubai.

The principal activity of RoC is to advise on, receive, review and process all applications submitted by prospective DIFC registrants seeking to establish a presence in the DIFC or to renew their license in accordance with the Companies Law, the General Partnership Law, the Limited Liability Partnership Law, or the Limited Partnership Law, and the implementing regulations applicable thereto.

The registered office of RoC is Level 14, Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been presented in US Dollars ("USD") which is the functional currency of RoC and all amounts are rounded off to the nearest USD except otherwise stated.

The financial statements are prepared using the historical cost convention.

New accounting Standards and Interpretations
During the current year, a number of IFRS and IFRIC Interpretations became applicable which were all adopted by the RoC. Adoption of these new Standards and Interpretations did not have any significant effect on these financial statements.

IASB Standards and Interpretations issued but not adopted
A number of IFRS and IFRIC Interpretations have been issued but are not yet effective at 31 December 2013 and therefore have not been adopted by RoC. Management concluded that none of these Standards or Interpretations would have any effect on the financial statements of RoC.

Revenue recognition
Revenue is measured at the fair value of consideration received or receivable and represents the amount receivable for services provided in the normal course of business, net of discounts and rebates, if any.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is stated at cost less any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Computer equipment	over 3 years
Furniture and fixtures	over 3 – 10 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)
The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of bank balance.

Employees' end of service benefits
A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 relating to General Pension and Social Security Law and is charged to the statement of comprehensive income.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are initially recognised at fair value and subsequently stated at amortised cost.

Provisions
Provisions are recognised when the RoC has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the RoC expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Impairment and uncollectibility of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Foreign currencies
Transactions in foreign currencies are initially recorded at the currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. When a gain or loss on non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in statement of comprehensive income.

Recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The financial assets of the RoC include bank balance. The RoC has not classified any of its financial assets as held to maturity investments, financial assets at fair value through profit or loss, available for sale financial assets or derivatives designated as hedging instruments in an effective hedge. Loans and receivables are subsequently remeasured at amortised cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other borrowings / payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs. The financial liabilities of the RoC include trade and other payables. The RoC has not classified any of its financial liabilities at fair value through profit or loss or as derivatives designated as hedging instruments in an effective hedge. Other payables / borrowings are subsequently remeasured at amortised cost.

Derecognition of financial instruments
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The RoC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the RoC has transferred substantially all the risks and rewards of the asset, or (b) the RoC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting
Financial assets and liabilities are offset when the RoC has a legally enforceable right to set off the recognised amounts and intend to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 GENERAL AND ADMINISTRATION EXPENSES

	2013 *USD*	*2012* *USD*
Staff costs	**283,644**	268,727
Professional fees	**6,812**	6,812
Office administration expenses	**6,352**	5,968
Bank charges	**4,853**	20,297
Depreciation expense (see note 4)	**41,950**	42,291
Shared services cost charged by a related party (see note 8)	**591,229**	531,422
	934,840	875,517

4 PROPERTY AND EQUIPMENT

	Computer equipment USD	*Furniture and fixtures USD*	*Total USD*
Cost:			
At 1 January 2013 and 31 December 2013	**26,729**	**400,570**	**427,299**
Accumulated depreciation:			
At 1 January 2013	23,165	101,662	124,827
Depreciation charge for the year	3,561	38,389	41,950
At 31 December 2013	**26,726**	**140,051**	**166,777**
Net carrying amount:			
At 31 December 2013	**3**	**260,519**	**260,522**

	Computer equipment USD	*Furniture and fixtures USD*	*Total USD*
Cost:			
At 1 January 2012 and 31 December 2012	26,729	400,570	427,299
Accumulated depreciation:			
At 1 January 2012	19,262	63,274	82,536
Depreciation charge for the year	3,903	38,388	42,291
At 31 December 2012	23,165	101,662	124,827
Net carrying amount:			
At 31 December 2012	3,564	298,908	302,472

5 EMPLOYEES' END OF SERVICE BENEFITS

	2013 USD	*2012 USD*
At 1 January	-	15,659
Reversal for the year	-	(15,659)
	-	-

6 TRADE AND OTHER PAYABLES

	2013 USD	*2012 USD*
Advances from customers	**239,510**	509,782
Accrual for leave absences	**7,577**	9,182
Accrued expenses	**7,134**	7,134
	254,221	526,098

7 DIVIDENDS

During the year, the RoC declared and settled dividends amounting to USD 11,670,031 (2012: USD 12,577,988).

8 RELATED PARTY TRANSACTIONS

Related parties represent associated entities and key management personnel of RoC, and entities controlled, jointly controlled or significantly influenced by RoC and such parties. Pricing policies and terms of these transactions are approved by the management of RoC.

RoC has entered into the following transactions with related parties in the ordinary course of business.

	2013 USD	*2012 USD*
Short term benefits – key management personnel	**264,410**	241,535
Pension costs – key management personnel	**27,735**	27,192
Shared service cost charged by a related party	**591,229**	531,422

9 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

RoC is not exposed to any significant interest rate risk as it does not have any interest bearing financial assets or liabilities.

Credit risk
Credit risk is the risk that counterparty will fail to meet a commitment, resulting in financial loss to the RoC.

RoC seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and monitoring outstanding receivables.

With respect to credit risk arising from financial assets of RoC, including cash and cash equivalents, RoC's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
Liquidity risk is the risk that an entity will be unable to meet its net funding requirements.

RoC limits its liquidity risk by ensuring adequate funds are available at all time. The terms of services rendered by RoC require amounts to be paid by its customer in advance.

The value of undiscounted financial liabilities of RoC as at the year-end approximate their carrying value and are all payable within 3 months of the year-end.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All financial assets and financial liabilities of RoC are either in US Dollars or UAE Dirhams. Management believes that RoC is not significantly exposed to foreign currency risk as the UAE Dirham is currently on a fixed exchange rate with the US Dollar.

10 CAPITAL MANAGEMENT

The primary objective of RoC's capital management is to ensure that it maintains healthy capital ratios in order to support its business.

RoC manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current or prior years. Capital comprises of retained earnings, and is measured at USD 498,040 as at 31 December 2013 (2012: USD 281,610).

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balance. Financial liabilities consist of trade and other payables.

The fair values of financial instruments of RoC at the reporting date are not materially different from their carrying values.

Dubai International Financial Centre Registrar of Companies

FINANCIAL STATEMENTS

31 DECEMBER 2012

ERNST & YOUNG

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF REGISTRAR OF COMPANIES

Report on the Financial Statements

We have audited the accompanying financial statements of Dubai International Financial Centre Registrar of Companies (the "RoC"), which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

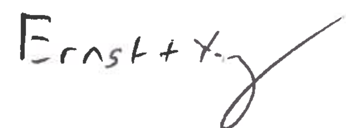
Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Registrar and the owner of RoC, for our audit work, for this report or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RoC as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



15 May 2013

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

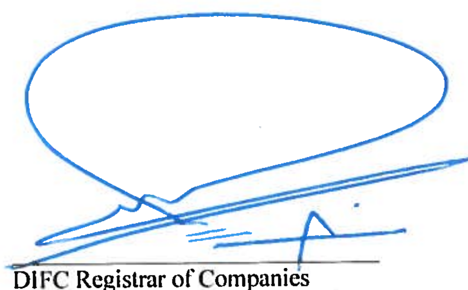
	Note	*2012* *USD*	*2011* *USD*
Fee income		**11,536,343**	10,047,273
General and administration expenses	3	**(875,517)**	(827,408)
NET PROFIT FOR THE YEAR		**10,660,826**	9,219,865
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,660,826**	9,219,865

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	*2012 USD*	*2011 USD*
ASSETS			
Non-current assets			
Property and equipment	4	**302,472**	344,763
Current assets			
Due from a related party	8	**-**	1,720,237
Bank balances		**505,236**	8,058,613
		505,236	9,778,850
TOTAL ASSETS		**807,708**	10,123,613
EQUITY AND LIABILITIES			
Equity			
Retained earnings		**281,610**	2,198,772
Current liabilities			
Trade and other payables	6	**526,098**	7,924,841
Total liabilities		**526,098**	7,924,841
TOTAL EQUITY AND LIABILITIES		**807,708**	10,123,613

These financial statements were approved by the Registrar of Companies on 15 May 2013.



DIFC Registrar of Companies

Chief Financial Officer

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

	Notes	*2012 USD*	*2011 USD*
OPERATING ACTIVITIES			
Net profit for the year		**10,660,826**	9,219,865
Adjustments for:			
Depreciation	4	**42,291**	43,097
Employees' end of service benefits	5	-	(15,659)
		10,703,117	9,247,303
Working capital changes:			
Due from a related party		**(18,863,210)**	(4,333,491)
Trade and other payables		**606,716**	4,539,877
Net cash generated from operating activities		**(7,553,377)**	9,453,689
FINANCING ACTIVITIES			
Dividends paid	7	**-**	(3,528,163)
Cash used in financing activities		**-**	(3,528,163)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(7,553,377)**	5,925,526
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**8,058,613**	2,133,087
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**505,236**	8,058,613

There were no cash flows from investing activities in the current or prior year.

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Retained earnings USD	*Total USD*
Balance at 1 January 2012	2,198,772	2,198,772
Net profit for the year	10,660,826	10,660,826
Other comprehensive income for the year	-	-
Total comprehensive income for the year	10,660,826	10,660,826
Dividends (see note 7)	(12,577,988)	(12,577,988)
Balance at 31 December 2012	**281,610**	**281,610**

	Retained earnings USD	*Total USD*
Balance at 1 January 2011	507,070	507,070
Net profit for the year	9,219,865	9,219,865
Other comprehensive income for the year	-	-
Total comprehensive income for the year	9,219,865	9,219,865
Dividends (see note 7)	(7,528,163)	(7,528,163)
Balance at 31 December 2011	2,198,772	2,198,772

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

1 ACTIVITIES

Dubai International Financial Centre Registrar of Companies (the "RoC") was formally established on 17 September 2004 under Article 7 of DIFC Law No. 2 of 2004 (Companies Law), (as amended by DIFC Law No. 3 of 2006 and DIFC Law No. 2 of 2009) as a statutorily created 'Centre Body', as defined in DIFC Law No. 9 of 2004, pursuant to which the principal Centre Bodies of the Dubai International Financial Centre ("the DIFC") were established. RoC has been established as an agency of the Government of Dubai.

The principal activity of RoC is to advise on, receive, review and process all applications submitted by prospective DIFC registrants seeking to establish a presence in the DIFC or to renew their license in accordance with the Companies Law, the General Partnership Law, the Limited Liability Partnership Law, or the Limited Partnership Law, and the implementing regulations applicable thereto.

The registered office of RoC is Level 14, Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been presented in US Dollars ("USD") which is the functional currency of RoC and all amounts are rounded off to the nearest USD except otherwise stated.

The financial statements are prepared using the historical cost convention.

New accounting Standards and Interpretations
During the current year, a number of IFRS and IFRIC Interpretations became applicable which were all adopted by the RoC. Adoption of these new Standards and Interpretations did not have any significant effect on these financial statements.

IASB Standards and Interpretations issued but not adopted
A number of IFRS and IFRIC Interpretations have been issued but are not yet effective at 31 December 2012 and therefore have not been adopted by RoC. Management concluded that none of these Standards or Interpretations would have any effect on the financial statements of RoC.

Revenue recognition
Revenue is measured at the fair value of consideration received or receivable and represents the amount receivable for services provided in the normal course of business, net of discounts and rebates, if any.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is stated at cost less any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Computer equipment	over 3 years
Furniture and fixtures	over 3 – 10 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other receivables
Other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of bank balances.

Employees' end of service benefits
RoC provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 relating to General Pension and Social Security Law and is charged to the statement of comprehensive income.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are initially recognised at fair value and subsequently stated at amortised cost.

Provisions
Provisions are recognised when RoC has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Impairment and uncollectibility of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Foreign currencies
Transactions denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the reporting date. The resulting exchange differences are dealt with in the statement of comprehensive income.

3 GENERAL AND ADMINISTRATION EXPENSES

	2012 USD	*2011 USD*
Staff costs	**268,727**	222,695
Legal and professional fees	**6,812**	6,812
Office administration expenses	**5,968**	4,042
Bank charges	**20,297**	22,415
Depreciation expense	**42,291**	43,097
Cost of shared services charged by a related party (see note 8)	**531,422**	528,347
	875,517	827,408

4 PROPERTY AND EQUIPMENT

	Computer equipment USD	*Furniture and fixtures USD*	*Total USD*
Cost:			
At 1 January 2012 and 31 December 2012	26,729	400,570	427,299
Accumulated depreciation:			
At 1 January 2012	19,262	63,274	82,536
Depreciation charge for the year	3,903	38,388	42,291
At 31 December 2012	23,165	101,662	124,827
Net carrying amount:			
At 31 December 2012	**3,564**	**298,908**	**302,472**

	Computer equipment USD	*Furniture and fixtures USD*	*Total USD*
Cost:			
At 1 January 2011 and 31 December 2011	26,729	400,570	427,299
Accumulated depreciation:			
At 1 January 2011	14,707	24,732	39,439
Depreciation charge for the year	4,555	38,542	43,097
At 31 December 2011	19,262	63,274	82,536
Net carrying amount:			
At 31 December 2011	7,467	337,296	344,763

5 EMPLOYEES' END OF SERVICE BENEFITS

	2011 USD
At 1 January	15,659
Reversal for the year	(15,659)
	-

6 TRADE AND OTHER PAYABLES

	2012 USD	2011 USD
Advances from customers	**509,782**	413,303
Accrual for leave absences	**9,182**	11,971
Accrued expenses	**7,134**	7,133
Due to a related party (see note 8)	**-**	7,492,434
	526,098	7,924,841

7 DIVIDENDS

During the year, the RoC declared and settled dividends amounting to USD 12,577,988 (2011: USD 7,528,163).

8 RELATED PARTY TRANSACTIONS

Related parties represent associated entities and key management personnel of RoC, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the management of RoC.

RoC has entered into the following significant transactions with related parties in the ordinary course of business.

	2012 USD	2011 USD
Short term benefits – key management personnel	**241,535**	196,327
Pension costs – key management personnel	**27,192**	26,368
Shared service cost charged by a related party	**531,422**	528,347

Amount due from a related party at year-end is disclosed on the statement of financial position whereas amount due to a related party at year-end is disclosed in note 6 to these financial statements.

9 RISK MANAGEMENT

Interest rate risk
RoC is not exposed to any significant interest rate risk.

Credit risk
RoC seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and monitoring outstanding receivables.

With respect to credit risk arising from financial assets of RoC, including cash and cash equivalents, RoC's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
RoC limits its liquidity risk by ensuring adequate funds are available at all time. Fees billed by RoC are required to be paid within 30 days of the date of invoice.

The value of undiscounted financial liabilities of RoC as at the year-end approximate their carrying value and are all payable within 3 months of the year-end.

Currency risk
All financial assets and financial liabilities of RoC are either in US Dollars or UAE Dirhams. Management believes that RoC is not significantly exposed to foreign currency risk as the UAE Dirham is currently on a fixed exchange rate with the US Dollar.

10 CAPITAL MANAGEMENT

The primary objective of RoC's capital management is to ensure that it maintains healthy capital ratios in order to support its business.

RoC manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current or prior years. Capital comprises of retained earnings, and is measured at USD 281,610 as at 31 December 2012 (2011: USD 2,198,772).

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and due from a related party. Financial liabilities consist of trade and other payables.

The fair values of financial instruments are not materially different from their carrying values.

Dubai International Financial Centre Registrar of Real Property

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2014 (UNAUDITED)

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE OWNER OF DUBAI INTERNATIONAL FINANCIAL CENTRE REGISTRAR OF REAL PROPERTY

Introduction

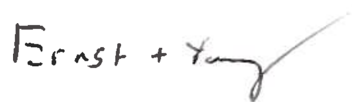
We have reviewed the accompanying interim statement of financial position of Dubai International Financial Centre Registrar of Real Property (the "RoRP") as of 30 June 2014 and the related interim statements of comprehensive income, cash flows and statement of changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



13 October 2014

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014 (Unaudited)

	Note	*Six months ended 30 June*	
		2014 ***USD***	*2013* *USD*
Fee income		**25,778,025**	17,569,259
General and administration expenses	3	**(377,741)**	(357,892)
PROFIT FOR THE PERIOD		**25,400,284**	17,211,367
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**25,400,284**	17,211,367

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2014 (Unaudited)

	Notes	*30 June 2014 USD (Unaudited)*	*31 December 2013 USD (Audited)*
ASSETS			
Non-current asset			
Property and equipment		2	2
Current assets			
Due from a related party	5	21,176,253	4,450,509
Bank balances and cash		9,436,684	856,960
TOTAL ASSETS		30,612,939	5,307,471
EQUITY AND LIABILITIES			
Equity			
Retained earnings		25,530,387	130,103
Total equity		25,530,387	130,103
Current liabilities			
Trade and other payables	4	1,736,809	1,932,363
Due to a related party	5	3,345,743	3,245,005
Total liabilities		5,082,552	5,177,368
TOTAL EQUITY AND LIABILITIES		30,612,939	5,307,471

These interim condensed financial statements were approved by the Registrar on 13 October 2014.

DIFC Registrar of Real Property

Chief Financial Officer

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF CASH FLOWS
For the six month ended 30 June 2014 (Unaudited)

	Six months ended 30 June	
	2014 USD	*2013 USD*
OPERATING ACTIVITIES		
Profit for the period	**25,400,284**	17,211,367
Working capital changes:		
Due from a related party	**(16,725,744)**	(15,170,543)
Trade and other payables	**(195,554)**	185,243
Due to a related party	**100,738**	274,365
Net cash generated from operating activities	**8,579,724**	2,500,432
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	**8,579,724**	2,500,432
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**856,960**	1,169,408
CASH AND CASH EQUIVALENTS AT 30 JUNE	**9,436,684**	3,669,840

There were no cash flows from investing and financing activities during the current or prior period.

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June2014 (Unaudited)

	Retained earnings USD	*Total USD*
Balance at 1 January 2014	130,103	130,103
Profit for the period	25,400,284	25,400,284
Other comprehensive income for the period	-	-
Total comprehensive income for the period	25,400,284	25,400,284
Balance at 30 June 2014	**25,530,387**	**25,530,387**

	Retained earnings USD	*Total USD*
Balance at 1 January 2013	10,047,782	10,047,782
Profit for the period	17,211,367	17,211,367
Other comprehensive income for the period	-	-
Total comprehensive income for the period	17,211,367	17,211,367
Balance at 30 June 2013	27,259,149	27,259,149

The attached notes 1 to 8 form an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
As at 30 June 2014 (Unaudited)

1 ACTIVITIES

Dubai International Financial Centre Registrar of Real Property (the "RoRP") was formally established under Article 12 of DIFC Law No. 4 of 2007 (Real Property Law), as a Corporation Sole. RoRP has been established as an agency of the Government of Dubai.

The principal activity of RoRP is to receive from the public and register documents and instruments evidencing the establishment in the DIFC of perfected security instruments and land and related titles, interests and restrictions.

The registered office of RoRP is Level 14, Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance
The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. These interim condensed financial statements do not contain all information and disclosures required for full annual audited financial statements and should be read in conjunction with the audited financial statements of the RoRP as at and for the year ended 31 December 2013. In addition, results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

b) Use of estimates and judgment
The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these interim condensed financial statements, the significant judgments made by management in applying the RoRP's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited financial statements of the RoRP as at and for the year ended 31 December 2013.

c) Significant accounting policies
The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2013 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2014. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the RoRP during the current period.

The RoRP has not adopted the new accounting standards or interpretations that have been issued but are not yet effective. These standards and interpretations are not likely to have any significant impact on the financial statements of the RoRP in the period of their initial application.

3 GENERAL AND ADMINISTRATION EXPENSES

	Six months ended 30 June	
	2014 USD (Unaudited)	*2013 USD (Unaudited)*
Staff costs	**112,118**	87,209
Office administration expenses	**3,266**	1,925
Shared service cost charged by a related party (see note 5)	**262,357**	268,758
	377,741	357,892

4 TRADE AND OTHER PAYABLES

	30 June 2014 USD (Unaudited)	*31December 2013 USD (Audited)*
Advances from customers	**1,558,253**	1,746,995
Accrued expenses	**178,556**	185,368
	1,736,809	1,932,363

5 RELATED PARTY TRANSACTIONS

Related parties represent the Registrar, associated entities and key management personnel of RoRP, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by RoRP's management.

RoRP has entered into the following significant transactions with its related parties in the ordinary course of business.

	Six months ended 30 June	
	2014 USD (Unaudited)	*2013 USD (Unaudited)*
Short term benefits – key management personnel	**103,286**	80,786
Pension costs – key management personnel	**11,501**	9,159
Shared service cost charged by a related party (see note 3)	**262,357**	268,758

One of the related parties of RoRP has obtained bank financing and as part of such financing arrangement, RoRP passes on its surplus funds to the related party on a regular basis to be utilised in repayment of the bank financing by the related party. Such amounts provided to the related party during the period and outstanding at the reporting date mainly represents amounts due from a related party disclosed on the statement of financial position. Such amount is unsecured, interest free and repayable upon RoRP's demand.

Amount due to a related party at the reporting date is disclosed on the statement of financial position and arose in normal course of the business. Such amount is interest free, unsecured and repayable upon demand from the lender. During the current and prior periods, RoRP has not made any impairment provision against amount due from a related party.

6 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

RoRP is not exposed to any significant interest rate risk as it does not have any interest bearing financial assets or liabilities.

6 RISK MANAGEMENT (continued)

Credit risk
Credit risk is the risk that counterparty will fail to meet a commitment, resulting in financial loss to the RoRP.

RoRP is not significantly exposed to credit risk as the consideration of the services rendered by the RoRP is received by it in advance. Apart from rendering of services it only deals with trustworthy related parties.

With respect to credit risk arising from financial assets of RoRP, including cash and cash equivalents, RoRP's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
Liquidity risk is the risk that an entity will be unable to meet its net funding requirements.

RoRP limits its liquidity risk by ensuring adequate funds are available at all times. The terms of services rendered by RoRP require amounts to be paid by its customer in advance.

The value of undiscounted financial liabilities of RoRP as at the year-end approximate their carrying value and are all payable within 3 months of the year-end.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All financial assets and financial liabilities of RoRP are either in US Dollars or UAE Dirhams. RoRP is not significantly exposed to foreign currency risk as the UAE Dirham is currently on a fixed parity with the US Dollar.

7 CAPITAL MANAGEMENT

The primary objective of RoRP's capital management is to ensure that it maintains healthy capital ratios in order to support its business.

RoRP manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or procedures during the current or prior period. Capital comprises of retained earnings and is measured at USD 25,530,387 (unaudited) as at 30 June 2014 (31 December 2013: USD 130,103 (audited)).

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash and due from a related party. Financial liabilities consist of trade and other payables and due to a related party.

The fair values of financial instruments of RoRP at the reporting date are not materially different from their carrying values.

Dubai International Financial Centre
Registrar of Real Property

FINANCIAL STATEMENTS

31 DECEMBER 2013

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF DUBAI INTERNATIONAL FINANCIAL CENTRE REGISTRAR OF REAL PROPERTY

Report on the financial statements

We have audited the accompanying financial statements of Dubai International Financial Centre Registrar of Real Property (the "RoRP"), which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

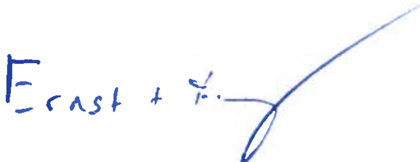
Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Registrar and the owner of RoRP, for our audit work, for this report or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RoRP as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



13 May 2014

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	***2013*** ***USD***	*2012* *USD*
Fee income		**27,115,319**	27,048,054
General and administration expenses	3	**(793,216)**	(711,163)
NET PROFIT FOR THE YEAR		**26,322,103**	26,336,891
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**26,322,103**	26,336,891

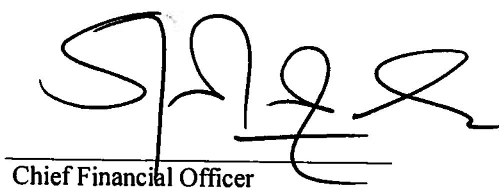
The attached explanatory notes 1 to 10 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	*2013 USD*	*2012 USD*
ASSETS			
Non-current asset			
Property and equipment	4	**2**	2
Current assets			
Bank balance		**856,960**	1,169,408
Due from a related party		**4,450,509**	14,221,919
TOTAL ASSETS		**5,307,471**	15,391,329
EQUITY AND LIABILITIES			
Equity			
Retained earnings		**130,103**	10,047,782
Total equity		**130,103**	10,047,782
Current liabilities			
Trade and other payables	5	**1,932,363**	2,181,686
Due to a related party		**3,245,005**	3,161,861
Total liabilities		**5,177,368**	5,343,547
TOTAL EQUITY AND LIABILITIES		**5,307,471**	15,391,329

These financial statements were approved by the Registrar of Real Property on 13 May 2014.

DIFC Registrar of Real Property


Chief Financial Officer

The attached explanatory notes 1 to 10 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	2013 USD	*2012 USD*
OPERATING ACTIVITIES		
Net profit for the year	**26,322,103**	26,336,891
Working capital changes:		
Due from a related party	**(26,468,372)**	(30,841,609)
Trade and other payables	**(249,323)**	(293,821)
Due to a related party	**83,144**	537,791
Net cash used in operating activities	**(312,448)**	(4,260,748)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(312,448)**	(4,260,748)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,169,408**	5,430,156
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**856,960**	1,169,408

There were no cash flows from investing and financing activities during the current or prior year.

The attached explanatory notes 1 to 10 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Retained earnings USD	*Total USD*
Balance at 1 January 2013	10,047,782	10,047,782
Net profit for the year	26,322,103	26,322,103
Other comprehensive income for the year	-	-
Total comprehensive income for the year	26,322,103	26,322,103
Dividends (see note 7)	(36,239,782)	(36,239,782)
Balance at 31 December 2013	**130,103**	**130,103**

	Retained earnings USD	*Total USD*
Balance at 1 January 2012	13,954,707	13,954,707
Net profit for the year	26,336,891	26,336,891
Other comprehensive income for the year	-	-
Total comprehensive income for the year	26,336,891	26,336,891
Dividends (see note 7)	(30,243,816)	(30,243,816)
Balance at 31 December 2012	10,047,782	10,047,782

The attached explanatory notes 1 to 10 form an integral part of these financial statements.

1 ACTIVITIES

Dubai International Financial Centre Registrar of Real Property (the "RoRP") was formally established under Article 12 of DIFC Law No. 4 of 2007 (Real Property Law), as a Corporation Sole. RoRP has been established as an agency of the Government of Dubai.

The principal activity of RoRP is to receive from the public and register documents and instruments evidencing the establishment in the DIFC of perfected security instruments and land and related titles, interests and restrictions.

The registered office of RoRP is Level 14, Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards.

The functional currency of RoRP is the UAE Dirham ("AED"), however, the financial statements have been presented in US Dollars ("USD"). This does not have a significant effect on the financial statements as AED is currently on a fixed parity with the USD. All the values in the financial statements are rounded to the nearest USD except otherwise stated.

The financial statements are prepared using the historical cost convention.

New Accounting Standards and Interpretations
During the current year, a number of IFRS and IFRIC Interpretations became applicable which were all adopted by the RoRP. Adoption of these new Standards and Interpretations did not have any significant effect on these financial statements.

IASB Standards and Interpretations issued but not adopted
A number of IFRS and IFRIC Interpretations have been issued but are not yet effective at 31 December 2013 and therefore have not been adopted by RoRP. Management concluded that none of these Standards or Interpretations would have any effect on the financial statements of RoRP.

Revenue recognition
RoRP's revenue comprises of fee earned on the registration of land and residential and commercial units built on such land located in the premises of Dubai International Financial Centre upon its sale from one party to another. Such fee is recognised when services are rendered.

Revenue is measured at the fair value of consideration received or receivable and represents amount receivable for services provided in the normal course of business, net of discounts and rebates, if any.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in its value.

Depreciation is calculated on a straight line basis over the estimated useful lives computer and office equipment which is estimated to be 3 years.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other receivables
Other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of bank balance.

Employees' end of service benefits
A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 relating to General Pension and Social Security Law and is charged to the statement of comprehensive income.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are initially recognised at fair value and subsequently stated at amortised cost.

Provisions
Provisions are recognised when the RoRP has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the RoRP expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Impairment and uncollectibility of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Foreign currencies
Transactions denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the reporting date. The resulting exchange differences are dealt with in the statement of comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. When a gain or loss on non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The financial assets of the RoRP include due from a related party and bank balance. The RoRP has not classified any of its financial assets as held to maturity investments, financial assets at fair value through profit or loss, available for sale financial assets or derivatives designated as hedging instruments in an effective hedge. Loans and receivables are subsequently remeasured at amortised cost.

Recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other borrowings / payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs. The financial liabilities of the RoRP include accounts payable and accruals and due to a related party. The RoRP has not classified any of its financial liabilities at fair value through profit or loss or as derivatives designated as hedging instruments in an effective hedge. Other payables / borrowings are subsequently remeasured at amortised cost.

Derecognition of financial instruments
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The RoRP has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the RoRP has transferred substantially all the risks and rewards of the asset, or (b) the RoRP has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting
Financial assets and liabilities are offset when the RoRP has a legally enforceable right to set off the recognised amounts and intend to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 GENERAL AND ADMINISTRATION EXPENSES

	2013 ***USD***	*2012* *USD*
Staff costs	**181,750**	158,203
Professional fees	**6,812**	6,812
Office administration expenses	**4,266**	4,349
Shared service cost charged by a related party (see note 6)	**600,388**	541,799
	793,216	711,163

4 PROPERTY AND EQUIPMENT

	Computer and office equipment USD
Cost:	
At 1 January 2012, 2013 and 31 December 2012, 2013	6,270
Accumulated depreciation:	
At 1 January 2012, 2013 and 31 December 2012, 2013	6,268
Net carrying amount:	
At 31 December 2012 and 2013	**2**

5 TRADE AND OTHER PAYABLES

	2013 USD	*2012 USD*
Advances from customers	**1,746,995**	2,001,137
Accrued expenses	**185,368**	180,549
	1,932,363	2,181,686

6 RELATED PARTY TRANSACTIONS

Related parties represent the Registrar, associated entities and key management personnel of RoRP, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by RoRP's management.

RoRP has entered into the following significant transactions with its related parties in the ordinary course of business.

	2013 USD	*2012 USD*
Short term benefits – key management personnel	**162,584**	140,338
Pension costs – key management personnel	**20,661**	17,865

	2013 USD	*2012 USD*
Fee income	-	1,050,000
Shared service cost charged by a related party	**600,388**	541,799

Amount due to and due from a related party at year-end, is disclosed on the statement of financial position and arises in normal course of the business. Such amounts are interest free, unsecured and repayable upon demand from the lender. During the current and prior year, RoRP has not made any impairment provision against amount due from a related party.

7 DIVIDENDS

During the year, the RoRP declared and settled dividends amounting to USD 36,239,782 (2012: USD 30,243,816).

8 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

RoRP is not exposed to any significant interest rate risk as it does not have any interest bearing financial assets or liabilities.

Credit risk
Credit risk is the risk that counterparty will fail to meet a commitment, resulting in financial loss to the RoRP.

RoRP is not significantly exposed to credit risk as the consideration of the services rendered by the RoRP is received by it in advance. Apart from rendering of services it only deals with trustworthy related parties.

Liquidity risk
Liquidity risk is the risk that an entity will be unable to meet its net funding requirements.

RoRP limits its liquidity risk by ensuring adequate funds are available at all times. The terms of services rendered by RoRP require amounts to be paid by its customer in advance.

The value of undiscounted financial liabilities of RoRP as at the year-end approximate their carrying value and are all payable within 3 months of the year-end.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All financial assets and financial liabilities of RoRP are either in US Dollars or UAE Dirhams. RoRP is not significantly exposed to foreign currency risk as the UAE Dirham is currently on a fixed parity with the US Dollar.

9 CAPITAL MANAGEMENT

The primary objective of RoRP's capital management is to ensure that it maintains healthy capital ratios in order to support its business.

RoRP manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or procedures during the current and prior year. Capital comprises of retained earnings and is measured at USD 130,103 as at 31 December 2013 (2012: USD 10,047,782).

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balance and due from a related party. Financial liabilities consist of trade payables, due to a related party and other payable.

The fair values of financial instruments of RoRP at the reporting date are not materially different from their carrying values.

Dubai International Financial Centre Registrar of Real Property

FINANCIAL STATEMENTS

31 DECEMBER 2012

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF DUBAI INTERNATIONAL FINANCIAL CENTRE REGISTRAR OF REAL PROPERTY

Report on the financial statements

We have audited the accompanying financial statements of Dubai International Financial Centre Registrar of Real Property (the "RoRP"), which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

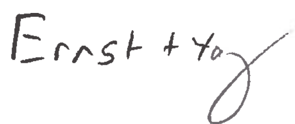
Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Registrar and the owner of RoRP, for our audit work, for this report or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RoRP as of 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



15 May 2013

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

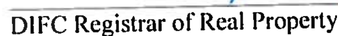
	Note	*2012 USD*	*2011 USD*
Fee income		**27,048,054**	16,210,643
General and administration expenses	3	**(711,163)**	(710,325)
NET PROFIT FOR THE YEAR		**26,336,891**	15,500,318
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**26,336,891**	15,500,318

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	2012 USD	2011 USD
ASSETS			
Non-current asset			
Property and equipment	4	2	2
Current assets			
Bank balances and cash		1,169,408	5,430,156
Due from a related party		14,221,919	21,734,783
TOTAL ASSETS		15,391,329	27,164,941
EQUITY AND LIABILITIES			
Equity			
Retained earnings		10,047,782	13,954,707
Total equity		10,047,782	13,954,707
Current liabilities			
Trade and other payables	6	2,181,686	2,475,507
Due to a related party		3,161,861	10,734,727
Total liabilities		5,343,547	13,210,234
TOTAL EQUITY AND LIABILITIES		15,391,329	27,164,941

These financial statements were approved by the Registrar of Real Property on 15 May 2013.



DIFC Registrar of Real Property

Chief Financial Officer

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Notes	*2012 USD*	*2011 USD*
OPERATING ACTIVITIES			
Profit for the year		**26,336,891**	15,500,318
Adjustments for:			
Depreciation expense	4	**-**	1,468
Employees' end of service benefits	5	**-**	(1,800)
		26,336,891	15,499,986
Working capital changes:			
Due from a related party		**(30,841,609)**	(8,388,218)
Trade and other payables		**(293,821)**	869,418
Due to a related party		**537,791**	556,784
Net cash generated from operations		**(4,260,748)**	8,537,970
Transfer of provision for employees' end of service benefits to a related party	5	**-**	(4,782)
Net cash generated from operating activities		**(4,260,748)**	8,533,188
FINANCING ACTIVITY			
Dividends paid		**-**	(4,038,445)
Cash used in financing activity		**-**	(4,038,445)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(4,260,748)**	4,494,743
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**5,430,156**	935,413
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**1,169,408**	5,430,156

There were no cash flows from investing activities during the current or prior year.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Retained earnings USD	*Total USD*
Balance at 1 January 2012	13,954,707	13,954,707
Net profit for the year	26,336,891	26,336,891
Other comprehensive income for the year	-	-
Total comprehensive income for the year	26,336,891	26,336,891
Dividends (see note 8)	(30,243,816)	(30,243,816)
Balance at 31 December 2012	**10,047,782**	**10,047,782**

	Retained earnings USD	*Total USD*
Balance at 1 January 2011	6,492,834	6,492,834
Net profit for the year	15,500,318	15,500,318
Other comprehensive income for the year	-	-
Total comprehensive income for the year	15,500,318	15,500,318
Dividends (see note 8)	(8,038,445)	(8,038,445)
Balance at 31 December 2011	13,954,707	13,954,707

The attached explanatory notes 1 to 11 form an integral part of these financial statements.

1 ACTIVITIES

Dubai International Financial Centre Registrar of Real Property (the "RoRP") was formally established under Article 12 of DIFC Law No. 4 of 2007 (Real Property Law), as a Corporation Sole. RoRP has been established as an agency of the Government of Dubai.

The principal activity of RoRP is to receive from the public and register, documents and instruments evidencing the establishment in the DIFC of perfected security instruments and land and related titles, interests and restrictions.

The registered office of RoRP is Level 14, Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards.

The functional currency of RoRP is the UAE Dirham ("AED"), however, the financial statements have been presented in US Dollars ("USD"). This does not have a significant effect on the financial statements as UAE Dirham is currently on a fixed parity with the US Dollar. All the values in the financial statements are rounded to the nearest USD except otherwise stated.

The financial statements are prepared using the historical cost convention.

New accounting Standards and Interpretations
During the current year, a number of IFRS and IFRIC Interpretations became applicable which were all adopted by the RoRP. Adoption of these new Standards and Interpretations did not have any significant effect on these financial statements.

IASB Standards and Interpretations issued but not adopted
A number of IFRS and IFRIC Interpretations have been issued but are not yet effective at 31 December 2012 and therefore have not been adopted by RoRP. Management concluded that none of these Standards or Interpretations would have any effect on the financial statements of RoRP.

Revenue recognition
RoRP's revenue comprises of a fee earned on the registration of land and residential and commercial units built on such land located in the premises of Dubai International Financial Centre upon its sale from one party to another. Such fee is recognised when services are rendered.

Revenue is measured at the fair value of consideration received or receivable and represents amount receivable for services provided in the normal course of business, net of discounts and rebates, if any.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in its value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the property and equipment which is estimated to be 3 years.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other receivables
Other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of bank balances.

Employees' end of service benefits
RoRP provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 relating to General Pension and Social Security Law and is charged to the statement of comprehensive income.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are initially recognised at fair value and subsequently stated at amortised cost.

Provisions
Provisions are recognised when RoRP has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Impairment and uncollectibility of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Foreign currencies
Transactions denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the reporting date. The resulting exchange differences are dealt with in the statement of comprehensive income.

3 GENERAL AND ADMINISTRATION EXPENSES

	2012 *USD*	*2011* *USD*
Staff costs	**158,203**	128,457
Legal and professional fees	**6,812**	27,591
Office administration expenses	**4,349**	9,507
Depreciation expense (see note 4)	**-**	1,468
Cost of shared services charged by a related party (see note 7)	**541,799**	543,302
	711,163	710,325

4 PROPERTY AND EQUIPMENT

	Computer and office equipment USD
Cost:	
At 1 January 2012 and 31 December 2012	6,270
Accumulated depreciation:	
At 1 January 2012 and 31 December 2012	6,268
Net carrying amount:	
At 31 December 2012	**2**

	Computer and office equipment USD
Cost:	
At 1 January 2011 and 31 December 2011	6,270
Accumulated depreciation:	
At 1 January 2011	4,800
Depreciation charge for the year	1,468
At 31 December 2011	6,268
Net carrying amount:	
At 31 December 2011	2

5 EMPLOYEES' END OF SERVICE BENEFITS

	2012 USD	*2011 USD*
At the beginning of the year	-	6,582
Reversal during the year	-	(1,800)
Provision relating to staff transferred to a related party (see note 7)	-	(4,782)
	-	-

6 TRADE AND OTHER PAYABLES

	2012 USD	*2011 USD*
Advances from customers	**2,001,137**	2,306,656
Accrued expenses	**180,549**	168,851
	2,181,686	2,475,507

7 RELATED PARTY TRANSACTIONS

Related parties represent the Registrar, associated entities and key management personnel of RoRP, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by RoRP's management.

RoRP has entered into the following significant transactions with its related parties in the ordinary course of business.

	2012 USD	*2011 USD*
Short term benefits – key management personnel	**140,338**	111,046
Pension costs – key management personnel	**17,865**	17,411
Fee income	**1,050,000**	-
Shared service cost charged by a related party	**541,799**	543,302

Amount due to and due from a related party at year-end, is disclosed on the statement of financial position.

During 2011, an amount of USD 4,782 was transferred by RoRP to its related parties being the liability in respect of employees transferred by RoRP to such related parties (see note 5).

8 DIVIDENDS

During the year, the RoRP declared and settled dividends amounting to USD 30,243,816 (2011: USD 8,038,445).

9 RISK MANAGEMENT

Interest rate risk
RoRP is not exposed to any significant interest rate risk.

Credit risk
RoRP is not significantly exposed to credit risk as the consideration of the services rendered by the RoRP is received by it in advance. Apart from rendering of services it only deals with trustworthy related parties.

Liquidity risk
RoRP limits its liquidity risk by ensuring adequate funds are available at all times. The terms of services rendered by RoRP require amounts to be paid by its customer in advance.

The value of undiscounted financial liabilities of RoRP as at the year-end approximate their carrying value and are all payable within 3 months of the year-end.

Currency risk
All financial assets and financial liabilities of RoRP are either in US Dollars or UAE Dirhams. Management believes that RoRP is not significantly exposed to foreign currency risk as the UAE Dirham is currently on a fixed parity with the US Dollar.

10 CAPITAL MANAGEMENT

The primary objective of RoRP's capital management is to ensure that it maintains healthy capital ratios in order to support its business.

RoRP manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or procedures during the current and prior year. Capital comprises of retained earnings and is measured at USD 10,047,782 as at 31 December 2012 (2011: USD 13,954,707).

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and due from a related party. Financial liabilities consist of trade and other payables and due to a related party.

The fair values of financial instruments are not materially different from their carrying values.

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