

IMPORTANT NOTICE

THE ATTACHED BASE PROSPECTUS IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (1) QIBs (AS DEFINED BELOW) THAT ARE ALSO QPs (AS DEFINED BELOW); OR (2) INSTITUTIONAL ACCREDITED INVESTORS (AS DEFINED BELOW) THAT ARE ALSO QPs; OR (3) NON-U.S. PERSONS (AS DEFINED IN REGULATION S (AS DEFINED BELOW)) LOCATED OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the attached base prospectus (the "**Base Prospectus**") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Base Prospectus. In accessing the attached Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Trustee, the Obligor, the Arrangers and the Dealers (each as defined in the attached Base Prospectus) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED BASE PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTIONS, NOR MAY THEY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

SECURITIES DESCRIBED IN THE ATTACHED BASE PROSPECTUS WILL REPRESENT INTERESTS IN A COLLECTIVE INVESTMENT SCHEME (AS DEFINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED (THE "**FSMA**")) WHICH HAS NOT BEEN AUTHORIZED, RECOGNIZED OR OTHERWISE APPROVED BY THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY. ACCORDINGLY, THE BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM.

THE DISTRIBUTION IN THE UNITED KINGDOM OF THE BASE PROSPECTUS, ANY FINAL TERMS AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED TO, OR DIRECTED AT: (A) IF THE DISTRIBUTION OF THE SECURITIES IS BEING EFFECTED BY A PERSON WHO IS NOT AN AUTHORIZED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS WHO ARE INVESTMENT PROFESSIONALS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "**FINANCIAL PROMOTION ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE FINANCIAL PROMOTION ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE FINANCIAL PROMOTION ORDER; AND (B) IF THE DISTRIBUTION IS EFFECTED BY A PERSON WHO IS AN AUTHORIZED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE OF THE CATEGORIES OF INVESTMENT PROFESSIONAL AS DEFINED IN ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (AS AMENDED, THE "**PROMOTION OF CISS ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSON DESCRIBED IN ARTICLE 22 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE PROMOTION OF CISS ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE PROMOTION OF CISS ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS BASE PROSPECTUS IS BEING DIRECTED ONLY AT RELEVANT PERSONS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS BASE PROSPECTUS RELATES WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. NO PERSON OTHER THAN A RELEVANT PERSON SHOULD RELY ON IT.

THE ATTACHED BASE PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SECURITIES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR IN THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER REGULATION (EU) 2017/1129 (AS AMENDED, THE "**PROSPECTUS REGULATION**") FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES. THE ATTACHED BASE PROSPECTUS IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION.

THE ATTACHED BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED, AND WILL NOT BE ABLE, TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the attached Base Prospectus or make an investment decision with respect to the Certificates (as defined in the attached Base Prospectus), an investor must be: (i) a person that is outside the United States and is not a U.S. person (within the meaning of Regulation S); or (ii) a person that is a "qualified institutional buyer" ("**QIB**") (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**") that is also a "qualified purchaser" (each a "**QP**") (within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**")), and the rules and regulations thereunder; or (iii) a person that is both an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is an institution ("**Institutional Accredited Investors**") that is also a QP. The attached Base Prospectus is being sent at your request and by accepting the e-mail and accessing the attached Base Prospectus, you shall be deemed to have represented to us that: (a) you and any customers you represent are either: (1) non-U.S. persons (within the meaning of Regulation S) outside the United States; or (2) QIBs that are also QPs; or (3) Institutional Accredited Investors that are also QPs; (b) you are a person who is permitted under applicable law and regulation to receive the attached Base Prospectus; (c) you consent to delivery of the attached Base Prospectus and any amendments or supplements thereto by electronic transmission; and (d) (iv) you will make your own assessment regarding any *Shari'a*, credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

By accessing the attached Base Prospectus you further confirm to us that: (i) you understand and agree to the terms set out herein; (ii) you will not transmit the attached Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (iii) you acknowledge that you will make your own assessment regarding any *Shari'a*, credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

You are reminded that the attached Base Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the attached Base Prospectus 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.

The attached Base Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Arrangers and Dealers or any affiliate of the Arrangers or Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the Trustee or holders of the applicable securities in such jurisdiction.

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

applicable Final Terms and/or supplement(s) to the attached Base Prospectus (if any). The attached Base Prospectus may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the FSMA does not apply.

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

The attached Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Trustee, the Obligor, the Arrangers and Dealers nor any person who controls them nor any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Trustee, the Obligor, the Arrangers and the Dealers. Please ensure that your copy is complete. If you received the attached Base Prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



DAE SUKUK (DIFC) LTD

(incorporated in the Dubai International Financial Centre as a special purpose company and converted to a prescribed company)

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

Trust Certificate Issuance Program

Under this U.S.\$2,500,000,000 trust certificate issuance program (the "**Program**"), DAE Sukuk (DIFC) Ltd (in its capacity as issuer and as trustee, the "**Trustee**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the "**Certificates**") denominated in any currency agreed between the Trustee and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Certificates outstanding from time to time will not be more than U.S.\$2,500,000,000 (or its equivalent in other currencies), subject to any increase as described herein.

Each Tranche (as defined in "*Terms and Conditions of the Certificates*") of Certificates issued under the Program will be constituted by: (i) a master trust deed dated 16 November 2020 (the "**Master Trust Deed**") entered into between the Trustee, Dubai Aerospace Enterprise (DAE) Ltd ("**DAE**" or the "**Obligor**") and HSBC Corporate Trustee Company (UK) Limited as donee of certain powers and as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental trust deed in relation to the relevant Tranche (each a "**Supplemental Trust Deed**" and together with the Master Trust Deed, each a "**Trust Deed**"). Certificates of each Tranche 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 a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**").

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

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

This Base Prospectus has been prepared on the basis that any offer of securities in any member state of the European Economic Area or in the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") from the requirement to publish a prospectus for offers of securities. This Base Prospectus is not a prospectus for the purposes of the Prospectus Regulation.

This Base Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under Rule 2.6 of the DFSA's Markets Rules (the "**Markets Rules**") and is therefore an Approved Prospectus for the purposes of Article 14 of the DIFC Law No.1 of 2012 (the "**Markets Law**"). Application has also been made to the DFSA for Certificates issued under the Program during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

References in this Base Prospectus to Certificates being listed (and all related references) shall mean that such Certificates have been admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List. The Program also permits Certificates to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Trustee, the Obligor and the relevant Dealer.

Notice of the aggregate nominal amount of the Certificates, profit (if any) payable in respect of the Certificates, the issue price of the Certificates and certain other terms and conditions not contained herein which are applicable to each Tranche of Certificates will be set out in the applicable final terms (the "**Final Terms**") which, with respect to Certificates to be listed on Nasdaq Dubai, will be delivered to the DFSA and Nasdaq Dubai.

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

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and the Certificates may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless the Certificates are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States only: (i) to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**") that are also "qualified purchasers" (each a "**QP**") within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the rules and regulations thereunder; or (ii) to persons who are both "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions ("**Institutional Accredited Investors**") who are also QPs, who execute and deliver an IAI Investment Letter (as defined in the Agency Agreement (as defined in "*Terms and Conditions of the Certificates*")) in which they agree to purchase the Certificates for their own account and not with a view to the distribution thereof and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Neither the Trustee nor the Obligor has registered and neither intends to register as an investment company under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7) thereof. Please see "*Form of Certificates*" for a description of the manner in which Certificates will be issued. Certificates are subject to certain restrictions on transfer. Please see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Trustee is a "covered fund" for the purposes of the "Volcker Rule" contained in Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The acquisition of the Certificates is likely to be considered an acquisition of an "ownership interest" (as that term is used in the Volcker Rule) in a "covered fund". Accordingly, entities that may be "banking entities" for the purposes of the Volcker Rule, which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates, may be restricted from holding the Certificates. **Any prospective investor in the Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule. For further information, see "*Important Notices*".**

The Program is expected to be rated Baa3 by Moody's Investors Service Ltd. ("**Moody's**") and BBB- by Fitch Ratings Limited ("**Fitch**"). The rating of certain Tranches of Certificates to be issued under the Program and the credit rating agency issuing such rating may be specified in the applicable Final Terms. The Obligor has been assigned ratings of Baa3 (negative outlook) by Moody's and BBB- (negative outlook) by Fitch.

Each of Moody's and Fitch is established in the United Kingdom and registered under Regulation (EC) No. 1060/2009 (as amended, the "CRA Regulation"). As such, each of Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by each of the Fatwa and Sharia Supervisory Board of Dubai Islamic Bank PJSC, the First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Sharia Supervisory Committee of Emirates NBD – Al Watani Al Islami and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited. Prospective Certificateholders should not rely on the approvals referred to above 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 the approval referred to above is in compliance with their individual standards of compliance with *Shari'a* principles.

Arrangers and Dealers

Dubai Islamic Bank

Emirates NBD Capital

First Abu Dhabi Bank

HSBC

The date of this Base Prospectus is 16 November 2020

IMPORTANT NOTICES

This Base Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Markets Rules.

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

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

Copies of the relevant Final Terms will be available from the registered office of the Trustee and the specified office of each of the Paying Agents (as defined in "*Terms and Conditions of the Certificates*").

Certain information appearing in this Base Prospectus under the heading "*Book-Entry Clearance Systems*" has been obtained from the clearing systems referred to herein.

Each of the Trustee and the Obligor confirms that all third party information contained in this Base Prospectus has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

No person is or has been authorized by the Trustee or the Obligor to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Program or any other information supplied by the Trustee or the Obligor or such other information as is in the public domain in connection with the Program or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorized by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates accept any responsibility for the contents of this Base Prospectus or any information incorporated by reference into this document or for any other statement made, or purported to be made, by an Arranger, a Dealer, the Delegate or any of their respective affiliates or on its behalf in connection with the Trustee, the Obligor, or the issue and offering of the Certificates nor is any liability accepted by them for any acts or omissions of the Trustee, the Obligor or any other person (other than the relevant Dealer) in connection with this Base Prospectus or the issue and offering of Certificates under the Program. Each Arranger, each Dealer, each Agent, the Delegate and each of their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the Program or any Certificates: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the Program or any Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and/or the Obligor. Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the Program or the issue of any Certificates constitutes an offer or invitation by or on behalf of the Trustee, the Obligor, the Delegate, the Agents, any of the Dealers or any of their respective affiliates to any person to subscribe for or to purchase any Certificates.

The only persons authorized to use this Base Prospectus in connection with an offer of Certificates are the persons named in the relevant subscription agreement as the relevant Managers.

Neither the delivery of this Base Prospectus, any Final Terms nor the offering, sale or delivery of any Certificates shall in any circumstances imply that the information contained herein concerning the Trustee and/or the Obligor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Obligor during the life of the Program or to advise any investor in the Certificates of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in the United States or in any jurisdiction, in each case, to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer, sale or transfer of Certificates in the Dubai International Financial Centre (the "DIFC"), Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, Kuwait, the State of Qatar, Switzerland, the United Arab Emirates (the "UAE") (excluding the DIFC), the United Kingdom and the United States. Please see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- 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 or incorporated by reference in this Base Prospectus or any applicable supplement;
- 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;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including Certificates with principal or profit payable in one or more currencies, or where the currency for principal or profit payments is different from the potential investor's currency;
- understand thoroughly the terms of the Certificates and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, profit rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

None of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents has authorized, nor do they authorize, the making of any offer of Certificates in circumstances in which an obligation arises for the Trustee, the Obligor or any Dealer to publish or supplement a prospectus for such offer.

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

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

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

This Base Prospectus has been prepared on the basis that any offer of securities in any member state of the European Economic Area or the United Kingdom will be pursuant to an exemption under the Prospectus Regulation from the requirements to publish a prospectus for offers of securities. This Base Prospectus is not a prospectus for the purposes of the Prospectus Regulation.

U.S. INFORMATION

This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs and Institutional Accredited Investors, each of whom is also a QP, for informational use solely in connection with the consideration of the purchase of certain Certificates issued under the Program. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Certificates may only be offered or sold in the United States in private transactions: (i) to persons who are QIBs that are also QPs, in transactions exempt from registration under the Securities Act; (ii) to persons who are Institutional Accredited Investors that are also QPs; or (iii) to persons who are QPs pursuant to any other applicable exemption from registration under the Securities Act. Each subsequent U.S. purchaser of Certificates sold in reliance on Rule 144A is hereby notified that the offer and sale of any Certificates to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Purchasers of Certificates sold under (ii) above will be required to execute and deliver to HSBC Bank USA, National Association (the "U.S. Registrar") an IAI Investment Letter.

THE CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY SECURITIES COMMISSION OF ANY STATE IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR

HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF CERTIFICATES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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

VOLCKER RULE

The Trustee is a "covered fund" for the purposes of the "Volcker Rule" contained in Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act, but for the exemption provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Trustee intends to rely on Section 3(c)(7) of the Investment Company Act for its exemption from registration thereunder, it is considered to be a covered fund. The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (i) engaging in proprietary trading; (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (iii) entering into certain relationships with such funds. "Ownership interest" under the Volcker Rule is defined broadly to include any participation or other interest that entitles the holder of such interest to, amongst other things: (i) vote to remove management or otherwise, other than as a creditor exercising remedies upon an event of default, (ii) share in the income, gains, profits or excess spread of the covered fund or (iii) receive underlying assets of the covered fund.

The acquisition of the Certificates is likely to be considered an acquisition of an "ownership interest" (as that term is used in the Volcker Rule) in a "covered fund". Accordingly, entities that may be banking entities for the purposes of the Volcker Rule may be restricted from holding the Certificates. **Any prospective investor in the Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule. Each investor is responsible for analyzing its own position under the Volcker Rule and any similar measures and none of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Certificates, now or at any time in the future.**

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Certificates that are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, each of the Trustee and the Obligor has undertaken in the Master Trust Deed to furnish, upon the request of a holder of such Certificates or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Certificates remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Trustee and the Obligor is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting requirements pursuant to Rule 12g3-2(b) under the Exchange Act.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Trustee is a prescribed company incorporated in the DIFC and the Obligor is a private company limited by shares incorporated in the DIFC. All or a substantial portion of the assets of the Trustee and the Obligor are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Trustee or the Obligor or to enforce judgments against either of them obtained in United States courts, including judgments predicated upon civil liability provisions of the United States federal securities laws or the securities laws of any State or territory within the United States.

The Certificates and the Transaction Documents are governed by English law and disputes in respect of them may be settled under the Arbitration Rules of the London Court of International Arbitration (the "LCIA Rules"), in London, England.

In addition, actions in respect of the Certificates or the Transaction Documents may be brought in the English courts or the courts of the DIFC. Investors may have difficulties in enforcing any arbitration awards against the Trustee or the Obligor in the courts of the DIFC. Please see "*Risk Factors—Risks Relating to Enforcement*".

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

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

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

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

NOTICE TO RESIDENTS OF MALAYSIA

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

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

NOTICE TO UK RESIDENTS

Certificates to be issued under the Program will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "FSMA")) which has not been authorized, recognized or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

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

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any applicable Final Terms or any other marketing materials in relation to the Certificates. Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Financial statements

The financial statements relating to DAE and incorporated by reference in this Base Prospectus are:

- the unaudited condensed consolidated interim financial statements as at and for the nine months ended 30 September 2020, including unaudited comparative financial information for the nine months ended 30 September 2019 (the "**Interim Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2019, including unaudited comparative financial information as at and for the year ended 31 December 2018 (the "**2019 Financial Statements**"); and

- the audited consolidated financial statements as at and for the year ended 31 December 2018, including unaudited comparative financial information as at and for the year ended 31 December 2017 (the "**2018 Financial Statements**" and, together with the 2019 Financial Statements, the "**Annual Financial Statements**").

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

The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34, "*Interim Financial Reporting*". The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("**IFRS**") and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS.

The Group adopted IFRS 9, "*Financial Instruments*" and IFRS 15, "*Revenue from Contracts with Customers*", in each case with effect from the mandatory transition date of 1 January 2018. Under IFRS 9, the Group was required to revise its impairment methodology applied to its classes of financial assets. The new impairment model required the recognition of impairment provisions based on expected credit losses ("**ECL**") rather than only incurred credit losses, as was the case under IAS 39. In relation to the Group, the new impairment model impacted trade receivables and other financial assets, although the impact was not material. The other provisions of IFRS 9 and IFRS 15 did not have a material impact on the Group.

The Group adopted IFRS 16, "*Leases*", with effect from the mandatory transition date of 1 January 2019, but did not restate the comparative information for the 2018 reporting period as permitted under the standard. On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases of office buildings and land which had previously been classified as operating leases under the principles of IAS 17, "*Leases*". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.3 per cent. For leases of buildings previously classified as finance leases the Group recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. IFRS 16 had no material impact on the Group's aircraft leases, for further information, see note 2.3(a) to the 2019 Financial Statements.

All financial information relating to the nine months ended 30 September 2020 and 30 September 2019 in this Base Prospectus has been extracted from the Interim Financial Statements.

All financial information as at and for the year ended 31 December 2019 and 31 December 2018 in this Base Prospectus is extracted from the 2019 Financial Statements and the 2018 Financial Statements, respectively. In addition, all financial information as at and for the year ended 31 December 2017 in this Base Prospectus has been extracted from the unaudited comparative financial information for 2017 in the 2018 Financial Statements.

No separate financial statements of the Issuer are included in this Base Prospectus. The Issuer is not required by DIFC law, and does not intend, to publish audited financial statements or appoint any auditors.

DAE's financial year ends on 31 December and references in this Base Prospectus to "**2017**", "**2018**" and "**2019**" are to the 12 month period ending on 31 December in each such year.

Significant transaction in 2017

On 17 August 2017, DAE, indirectly through its subsidiaries, acquired 100 per cent. of AWAS (as defined below), whose primary business was the leasing of commercial aircraft. The fair value of the consideration was U.S.\$2.2 billion. AWAS was fully consolidated with effect from 17 August 2017. The acquisition resulted in goodwill of U.S.\$45.8 million as at 31 December 2017. Subsequently, goodwill was reduced to U.S.\$44.7 million as at 31 December 2018 following adjustment to consideration.

Note 10 to the 2018 Financial Statements provides further details of the acquisition, including the fair value of the major AWAS assets acquired and liabilities assumed at the date of acquisition.

Auditors and unaudited information

The Interim Financial Statements have not been audited but have been reviewed by PricewaterhouseCoopers Limited, independent auditors ("PwC"), in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". PwC issued an unqualified independent auditor's review report on the Interim Financial Statements.

The Annual Financial Statements have been audited by PwC in accordance with International Standards on Auditing. PwC has issued unqualified independent auditor's reports on the Annual Financial Statements.

Certain non-IFRS financial information

This Base Prospectus includes certain financial information which has not been prepared in accordance with IFRS and which constitutes alternative performance measures ("APM"s) for the purposes of the European Securities and Markets Association's Guidelines on Alternative Performance Measures. None of this financial information is subject to any audit or review by independent auditors. In particular, this Base Prospectus references Adjusted EBITDA, pre-tax profit margin, pre-tax return on equity, net debt/equity, total available liquidity, unsecured debt/total debt and liquidity coverage ratio.

The Group defines Adjusted EBITDA as profit for the year before finance expense, provision for income tax, depreciation and amortization, loss allowance for financial assets and impairment.

DAE believes that Adjusted EBITDA assists it in comparing its operating performance in different periods without addressing the impact of its capital structure (primarily interest charges on its outstanding debt), tax planning and non-cash expenses related to its long-lived asset base (primarily depreciation and amortization) on its operating results.

Adjusted EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation or as a substitute for, or superior to, an analysis of the Group's results as reported under IFRS. Some of these limitations are that Adjusted EBITDA:

- does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, working capital needs;
- does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on debt;
- does not reflect any cash income taxes that may be required to be paid;
- does not reflect any cash requirements for replacements of assets that are depreciated, impaired or amortized over their estimated useful lives; and
- may not be comparable to other similarly titled measures of other companies.

Because of these limitations, Adjusted EBITDA should not be considered as a substitute for, or superior to, profit for the applicable period, as determined in accordance with IFRS. DAE compensates for these limitations by relying primarily on the Group's IFRS results and using Adjusted EBITDA only for supplemental purposes.

The Group defines pre-tax profit margin as profit before income tax divided by total revenue.

The Group defines pre-tax return on equity as profit before income tax (annualized in the case of interim periods) divided by average total equity, with average total equity calculated as the sum of the figures at the start and end of each period divided by two.

The Group defines net debt/equity as net debt (being total loans and borrowings less cash and cash equivalents) divided by total equity.

The Group defines total available liquidity as the sum of available revolving credit facilities and cash and cash equivalents.

The Group defines unsecured debt/total debt as unsecured loans and borrowings divided by total loans and borrowings.

The Group defines liquidity coverage ratio as total available liquidity divided by recourse debt payments.

DAE believes that the ratios and measures referred to above are helpful to investors as they are ratios and measures of a type that are typically used by investors and analysts in evaluating different aspects of an entity's performance. However, as with Adjusted EBITDA, these ratios and measures should not be considered as a substitute for, or superior to, any measures of financial performance determined in accordance with IFRS.

PRESENTATION OF OTHER INFORMATION

Currencies

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

Third party and market share data

This Base Prospectus contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party consultants and other industry sources. Although the Group believes these sources are reliable, it does warrant the accuracy of the information and nor has it independently verified the assumptions upon which projections of future trends and performance are based. While the Group is not aware of any misstatements regarding any industry, market or similar data presented in this Base Prospectus, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "*Cautionary note regarding forward-looking statements*" and "*Risk factors*" in this Base Prospectus. Where third party information has been used in this Base Prospectus, the source of such information has been identified.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Base Prospectus is referred to as having been estimated. All such estimates have been made by the Group using its own information and other market information which is publicly available. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the market within which it operates, DAE cannot guarantee that a third party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

DAE's website is www.dubaiaerospace.com. The information on this website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to DAE's website has not been verified and is not incorporated by reference into this Base Prospectus, and investors should not rely on it.

Definitions

Unless otherwise indicated or the context otherwise requires, references in this Base Prospectus to:

- **"Aggregate Net Book Value"** refers, as at any date, to the sum of the net book value of (i) the Group's aircraft held for lease, (ii) finance lease and loan receivables and (iii) assets held for sale, on such date;
- **"Aircraft held for lease"** refers to aircraft and engines held by the Group;
- **"AWAS"** refers to AWAS Aviation Capital Designated Activity Company, a company organized and existing under the laws of Ireland;
- **"ATR"** refers to Avions de Transport Regional, an aircraft manufacturer;
- **"Committed Portfolio"** refers to the 26 aircraft as of 30 September 2020 for which the Group has entered into binding contracts to acquire through sale and leaseback transactions, portfolio acquisitions with lessors or direct orders from Boeing, Airbus or ATR;
- **"DAE"** refers to Dubai Aerospace Enterprise (DAE) Ltd., a DIFC Registered Company;
- **"EXIM"** refers to the Export-Import Bank of the United States;
- **"Fleet Valuation"** refers to the valuation of the Group's Owned and Committed Portfolio of 310 aircraft which was U.S.\$12.1 billion as at 30 September 2020. This value is calculated for the Owned Portfolio (including finance leases and any aircraft held for lease) using net book values and is calculated for the Committed Portfolio using estimated purchase prices. Fleet Valuation does not include aircraft in the Managed Portfolio;
- **"Group"** refers to DAE and its consolidated subsidiaries for periods prior to 17 August 2017, and to DAE and its consolidated subsidiaries, including AWAS and its consolidated subsidiaries, from 17 August 2017, unless the context otherwise requires;
- **"ICD"** refers to the Investment Corporation of Dubai;
- **"Leased Aircraft Portfolio"** refers to aircraft subject to operating leases (including those held for sale) and finance leases;
- **"Managed Portfolio"** refers to the 71 aircraft that the Group managed on behalf of other aircraft investors as at 30 September 2020;
- **"Mandated to Manage Portfolio"** refers to the approximately 44 aircraft that the Group has a mandate to manage on behalf of other aircraft investors as at 30 September 2020;
- **"OEM"** refers to original equipment manufacturer;
- **"Owned and Committed Portfolio"** refers, collectively, to the Group's Owned Portfolio and its Committed Portfolio;
- **"Owned, Managed and Committed Portfolio"** refers, collectively, to the Group's Owned Portfolio, its Managed Portfolio (including its Mandated to Manage Portfolio) and its Committed Portfolio; and
- **"Owned Portfolio"** refers to the Group's owned fleet of 284 aircraft as at 30 September 2020.

Rounding

The Financial Statements present the Group's financial information rounded to the nearest thousand U.S. dollars.

Certain financial data in this Base Prospectus has been rounded to the nearest million U.S. dollars (or as otherwise stated), with U.S.\$500,000 (or its equivalent) being rounded up. As a result of such rounding, the

totals of data presented in tables in this Base Prospectus may vary slightly from the arithmetic totals of the equivalent unrounded data. Where the symbol "—" appears, it means that there is no number for the particular item.

The changes, percentages or percentage changes in financial data included in this Base Prospectus are based on the amounts reported in this Base Prospectus. As a result, changes, percentages or percentage changes stated in this Base Prospectus may not be an exact arithmetical reflection of the numbers stated in the Financial Statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward-looking statements. Forward-looking statements include statements concerning any entity within the Group's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying such forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and other sections of this Base Prospectus. The Trustee and the Obligor have based these forward-looking statements on the current view of management of the relevant Group company with respect to future events and financial performance. Although the Trustee and the Obligor believe that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Prospectus, if one or more of the risks or uncertainties materialize, including those identified below or otherwise identified in this Base Prospectus, or if any of the Trustee's or the Obligor's underlying assumptions prove to be incomplete or inaccurate, any entity within the Group's actual results of operations may vary from those expected, estimated or predicted. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

The risks and uncertainties referred to above include:

- the disruptions and uncertainties arising from the Coronavirus disease 2019 and impacting the Group and its customers;
- the Group's ability to acquire aircraft at competitive prices;
- the Group's ability to lease its aircraft and the lease rental rates it is able to achieve;
- factors affecting the value of the Group's aircraft and the Group's ability to recover its investment in the aircraft in its fleet;
- the Group's ability to obtain external financing at desirable rates and the Group's cost of borrowing;
- the risks affecting the airline industry, which may adversely affect the Group's customers;
- changes in political or economic conditions in the markets in which the Group operates; and
- the various risks and requirements associated with transacting business in multiple countries, which could negatively affect the Group.

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

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

STABILIZATION

In connection with the issue of any Tranche, one or more relevant Dealers named as the stabilization manager(s) in the applicable Final Terms (the "**Stabilization Manager(s)**") (or any person acting on behalf of any Stabilization Manager(s)) may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the Issue Date and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilization action must be conducted by the relevant Stabilization Manager(s) (or persons on behalf of any Stabilization Manager(s)) in accordance with all applicable laws and rules.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SFA

The applicable Final Terms in respect of any Certificates may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Certificates pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**").

The Trustee will make a determination in relation to each issue about the classification of the Certificates being offered for purposes of section 309B(1)(a). Any such legend included in the applicable Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

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OVERVIEW OF THE PROGRAM

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Certificates, as completed, amended or modified by the applicable Final Terms. The Trustee, the Obligor and any relevant Dealer may agree that Certificates shall be issued in a form other than that contemplated in the terms and conditions of the Certificates as laid out in this Base Prospectus (the "Conditions"), in which event, a new Base Prospectus or a supplement to this Base Prospectus, if appropriate, may be made available which will describe the effect of the agreement reached in relation to such Certificates.

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

Issuer and Trustee DAE Sukuk (DIFC) Ltd, as trustee for and on behalf of the Certificateholders and, in such capacity, as issuer of the Certificates. The Trustee was incorporated as a special purpose company with limited liability in the DIFC on 20 March 2018 with registered number 2771, and subsequently converted to a prescribed company under the Companies Law, DIFC Law No. 5 of 2018 and the Prescribed Company Regulations 2019 on 11 October 2020. Its registered office is at c/o Maples Fund Services (Middle East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party. The Trustee shall on each Issue Date issue the Certificates to the Certificateholders and act as Trustee in respect of the Trust Assets for the benefit of the Certificateholders.

Ownership of the Trustee The authorized share capital of the Trustee is U.S.\$100 consisting of 100 shares of U.S.\$1.00 each, of which 100 shares are fully paid up 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 an amended and restated share declaration of the trust dated 15 November 2020 (the "**Share Declaration of Trust**").

Administration of the Trustee Maples Fund Services (Middle East) Limited, a corporate service provider incorporated in the DIFC acts as the secretary and corporate administrator of the Trustee (in such capacity, the "**Corporate Service Provider**"). Pursuant to the terms of an amended and restated corporate services agreement dated 15 November 2020 entered into between the Trustee and the Corporate Service Provider (the "**Corporate Services Agreement**"), the Corporate Service Provider has agreed to provide, or procure the provision of, certain administrative functions to the Trustee, including director and alternate director, administrative and other services until termination of the Corporate Services Agreement.

The Trustee and the Corporate Service Provider have also entered into a registered office and company secretarial services agreement dated 25 April 2018 (as amended) (the "**Registered Office Agreement**") for the provision of registered office facilities and secretarial services to the Trustee.

Obligor Dubai Aerospace Enterprise (DAE) Ltd, incorporated in the DIFC as a private company limited by shares. The Obligor's registered

office is Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates.

Description	U.S.\$2,500,000,000 Trust Certificate Issuance Program.
Size	Up to U.S.\$2,500,000,000 (or its equivalent in other currencies) outstanding at any time (the " Program Limit "). The Trustee and the Obligor may increase the Program Limit in accordance with the terms of the Program Agreement.
Risk Factors	<p>There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Program and the Obligor's ability to fulfil its obligations under the relevant Transaction Documents.</p> <p>In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Program. These include certain risks relating to the structure of a particular Series of Certificates and certain market risks. Please see "<i>Risk Factors</i>".</p>
Arrangers	Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC and HSBC Bank plc
Dealers	<p>Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc and any other Dealer(s) appointed from time to time in accordance with the terms of the Program Agreement (as defined herein) or in relation to a particular Tranche of Certificates.</p> <p>The Trustee may from time to time terminate the appointment of any dealer under the Program or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Program. References in this Base Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Program (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Delegate	HSBC Corporate Trustee Company (UK) Limited (the " Delegate "). In accordance with the Master Trust Deed, the Trustee will, <i>inter alia</i> , unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain future powers, authorities and discretions vested in the Trustee by certain provisions in the Master Trust Deed in accordance with the terms of the Master Trust Deed. In addition, pursuant to the Master Trust Deed, certain powers will be vested solely in the Delegate.
Principal Paying Agent, Exchange Agent, Calculation Agent and Transfer Agent	HSBC Bank plc
Euro Registrar (in respect of Unrestricted Certificates, as defined in the Master Trust Deed)	HSBC Bank plc
U.S. Registrar (in respect of Restricted Certificates, as defined in the Master Trust	HSBC Bank USA, National Association

Deed), U.S. Paying Agent (in respect of Restricted Certificates) and Transfer Agent

Method of Issue	The Certificates will be issued on a syndicated or non-syndicated basis. The Certificates will be issued in series (each a " Series "), the Certificates of each Series being intended to be interchangeable with all other Certificates of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of profit and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the " Final Terms ").
Issue Price	The Certificates may be issued at their nominal amount or at a discount or premium to their nominal amount.
Status of the Certificates	The Certificates represent an undivided ownership interest in the Trust Assets of the relevant Series and are direct, unsecured and limited recourse obligations of the Trustee. Each Certificate shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application, at all times rank <i>pari passu</i> and without any preference or priority with all other Certificates of the relevant Series.
Form and Delivery of Certificates	<p>The Certificates will be issued in registered form only, one Certificate being issued in respect of each Certificateholder's entire holding of Certificates of one Tranche. Certificates sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate (an "Unrestricted Global Certificate"). Each Unrestricted Global Certificate will be deposited with a common depository for, and registered in the name of a nominee for, Euroclear and Clearstream, Luxembourg.</p> <p>Certificates sold in the United States to QIBs that are also QPs will initially be represented by a Restricted Global Certificate (a "Restricted Global Certificate" and together with any Unrestricted Global Certificate, "Global Certificates"). Each Restricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.</p> <p>Certificates sold in the United States to Institutional Accredited Investors that are also QPs will initially be represented by an individual definitive Certificate (an "Individual Certificate").</p> <p>Please see "<i>Terms and Conditions of the Certificates</i>" and "<i>Form of the Certificates</i>".</p>
Clearing Systems	Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg and/or DTC and in relation to any Series, such other clearing system as may be agreed between the Trustee, the Obligor, the relevant Dealer(s), the Principal Paying Agent and the Delegate. Transfers within and between each of Euroclear or Clearstream, Luxembourg and/or DTC will be in

accordance with the usual rules and operating procedures of the relevant clearing system.

Initial Delivery of Certificates On or before the issue date for each Tranche, the Global Certificates may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or a custodian for DTC (as applicable). Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system **provided that** the method of such delivery has been agreed in advance by the Trustee, the Obligor, the Delegate and the relevant Dealer. Certificates that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies Subject to compliance with all relevant laws, regulations and directives, Certificates may be issued in any currency agreed between the Trustee, the Obligor and the relevant Dealer(s).

Maturities The Certificates will have such maturities as may be agreed between the Trustee, the Obligor and the relevant Dealers, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.

Specified Denomination The Certificates will be in such denominations as may be specified in the applicable Final Terms, subject to compliance with then current laws and regulations and the provisions of the following sentence. Certificates will have a minimum denomination of €100,000 (or its equivalent in other currencies), and: (i) in the case of any Certificates (including Certificates denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; (ii) in the case of any Certificates to be sold in the United States to QIBs that are also QPs, the minimum specified denomination shall be U.S.\$200,000 (or its equivalent in other currencies); and (iii) in the case of any Certificates to be sold in the United States to Institutional Accredited Investors that are also QPs, the minimum specified denomination shall be U.S.\$500,000 (or its equivalent in other currencies).

Trust Assets Pursuant to the relevant Trust Deed for each Series, the Trustee has declared that it will hold the Trust Assets (as defined in Condition 5.1 (*Trust Assets*)) upon trust absolutely for, and on behalf of, the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder.

Limited Recourse Each Certificate of a particular Series will represent an undivided ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.

Certificateholders have no recourse to any assets of the Trustee (other than the relevant Trust Assets), the Obligor (to the extent that it fulfils its obligations under the Transaction Documents to

which it is a party) or the Delegate or any of their respective affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realized and fully discharged following which all obligations of the Trustee and the Obligor shall be extinguished.

Periodic Distribution Amounts ... Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the Conditions.

Negative Pledge..... The Certificates will have the benefit of a negative pledge granted by the Obligor, as described in Condition 6.2 (*Negative Pledge*).

Dissolution on the Scheduled

Dissolution Date..... Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem the Series of Certificates at an amount equal to the relevant Dissolution Distribution Amount and the Trust in relation to the relevant Series will be dissolved by the Trustee on the relevant Scheduled Dissolution Date specified in the applicable Final Terms for such Series.

Early Dissolution of the Trust Subject to the applicable Final Terms in respect of each Series, the Trust may be dissolved prior to the Scheduled Dissolution Date upon:

- (a) the occurrence of a Dissolution Event;
- (b) the occurrence of a Tax Event;
- (c) all of the Certificates of a relevant Series being redeemed following the exercise by the Obligor of an Optional Dissolution Right;
- (d) upon all of the Certificateholders of a relevant Series exercising the Certificateholder Put Right or the Change of Control Put Right;
- (e) all of the Certificates of a relevant Series being redeemed following the exercise by the Obligor of a Clean Up Call Right;
- (f) upon the occurrence of a Total Loss Dissolution Event; or
- (g) all of the Certificates of the relevant Series being cancelled following the purchase of such Certificates by or on behalf of the Obligor and/or any of its Subsidiaries.

In the case of the events described in paragraphs (a) to (e) above, the Certificates of a Series will be redeemed pursuant to the exercise of the Purchase Undertaking or the Sale Undertaking (as applicable) whereupon the Obligor will pay the Exercise Price, the Optional Dissolution Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price (as applicable) to the Trustee. The relevant exercise price payable upon due exercise of the Purchase Undertaking or the Sale Undertaking (as applicable), together with the Deferred Sale Price, if applicable, will be used to fund the redemption of the Certificates at an amount equal to the relevant Dissolution Distribution Amount.

Optional Dissolution Right, the Clean Up Call Right, the Certificateholder Put Right and

The applicable Final Terms issued in respect of each Series of Certificates will state whether such Certificates may be redeemed prior to the Scheduled Dissolution Date at the option of the Obligor (either in whole and/or in part, as the case may be), upon

the Change of Control Put Right	<p>the exercise of a Clean Up Call Right or at the option of the Certificateholders, and, if so, the terms applicable to such redemption.</p> <p>For <i>Shari'a</i> reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.</p>
Dissolution Events	The Certificates will be subject to certain dissolution events as described in Condition 12 (<i>Dissolution Events</i>). Following the occurrence of a Dissolution Event, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Distribution Amount.
Asset Substitution	The Servicing Agent may substitute Wakala Assets in accordance with the relevant provisions of the Servicing Agency Agreement and the Sale Undertaking.
Trustee Covenants	The Trustee has agreed to certain restrictive covenants as set out in Condition 6.1 (<i>Trustee Covenants</i>).
Withholding Tax	Subject to Condition 9.5 (<i>Payment – Payments subject to Laws</i>) and Condition 10 (<i>Taxation</i>), all payments under the Certificates and the Transaction Documents will be made free and clear of withholding taxes of a Relevant Jurisdiction, unless such withholding, deduction or retention is required by law. In that event, the Trustee or the Obligor (as applicable) shall pay additional amounts so that the full amount which would otherwise have been due and payable is received, subject to certain customary exceptions.
Ratings	<p>Tranches of Certificates will be rated or unrated. Where a tranche of Certificates is to be rated, such rating (and the credit rating agency issuing such rating) will be specified in the applicable Final Terms.</p> <p><i>A securities rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating.</i></p>
Governing Law	<p>The Certificates and the Transaction Documents, and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.</p> <p>The Corporate Services Agreement and Registered Office Agreement are governed by the laws of the DIFC.</p> <p>The Declaration of Trust is governed by the laws of the Cayman Islands.</p> <p>Disputes in respect of the Certificates or the Transaction Documents may be settled under the LCIA Rules in London, England. In addition, actions in respect of the Certificates or the Transaction Documents may be brought in the English courts or the courts of the DIFC.</p>
Transaction Documents	The Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement as supplemented by the applicable

Supplemental Purchase Agreement, the Servicing Agency Agreement, the Sale Undertaking (together with each relevant sale agreement executed upon exercise of the Sale Undertaking), the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking) and the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant to the Master Murabaha Agreement in connection with the relevant Series) (each a "**Transaction Document**" and, together, the "**Transaction Documents**").

Waiver of Immunity..... Under the Transaction Documents to which it is a party, the Obligor has agreed that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any Proceedings or Disputes to the full extent permitted by the laws of such jurisdiction.

Listing and Admission to Trading..... Application has been made to the DFSA for Certificates issued under the Program to be admitted to the DFSA Official List and to Nasdaq Dubai for such Certificates to be admitted to trading on Nasdaq Dubai.

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

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

Selling Restrictions..... There are restrictions on the offer, sale and transfer of the Certificates in the DIFC, Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, Kuwait, the State of Qatar, Switzerland, the UAE (excluding the DIFC), the United Kingdom and the United States. Additional restrictions may be required in connection with the offering and sale of a particular Tranche of Certificates. Please see "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions*".

Transfer Restrictions There are restrictions on the transfer of Individual Certificates, Certificates represented by a Restricted Global Certificate or any Certificates issued in exchange or substitution therefor.

See "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

ERISA..... Employee benefit plans, plans and other entities subject to Title I of ERISA, Section 4975 of the Code or any Similar Laws may not acquire Certificates (or an interest therein).

See "*Certain ERISA and Related Considerations*".

RISK FACTORS

Purchasing Certificates issued under the Program involves a high degree of risk. Prior to making an investment decision, prospective investors should carefully read all of this Base Prospectus. In addition to the other information contained in this Base Prospectus, including under "Cautionary statement concerning forward-looking statements", prospective investors should carefully consider the following risk factors in evaluating the Trustee, the Group and the Group's business before purchasing any Certificates. The risks discussed below are not the only risks that the Trustee and the Group face. Additional risks or uncertainties not presently known to the Trustee and the Group, or that the Trustee and the Group currently deem immaterial, may also impair its business operations.

Each of the Trustee and the Group believes that the factors described below represent the principal risks inherent in investing in Certificates issued under the Program, but it does not represent that the statements below regarding the risks of holding any Certificates are exhaustive. The possible impact of each risk described below on the Trustee or the Group (as applicable) is identified in the risk itself although accurately predicting the impact of risks is not straightforward and other impacts could also arise. In addition, the occurrence of one or more of the risks described below may impact both the ability of the Trustee to make payments under the Certificates or the Group to make payments under the Transaction Documents and the market price of the Certificates.

This Base Prospectus contains forward-looking statements that involve risks and uncertainties. See "Cautionary note regarding forward looking statements". The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Base Prospectus.

RISKS RELATING TO THE TRUSTEE

The Trustee has a limited operating history and no material assets

The Trustee is a prescribed company with limited liability incorporated under the laws of the DIFC on 20 March 2018 and has a limited operating history. The Trustee has not as at the date of this Base Prospectus, and will not, engage in any business activity other than the issuance of Certificates under the Program, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents. As the Trustee is a DIFC company, it may not be possible for Certificateholders to effect service of process on it outside the DIFC.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets. Therefore, the Trustee is subject to all the risks to which the Obligor is subject to the extent that such risks could limit the Obligor's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents.

The Trustee's ability to pay amounts due on the Certificates will depend on its receipt from the Obligor (in its various capacities) of all amounts due under the Transaction Documents, which, together, may not be sufficient to meet all claims under the Certificates.

RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRY

The Group is exposed to material and currently not fully quantifiable disruptions arising from the Coronavirus disease 2019 ("COVID-19")

COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019.

Since then it spread rapidly, infecting people around the world and causing a substantial number of infections and deaths. Almost all countries that were significantly affected introduced measures to try to contain the spread of the virus, including border closures and restricting the movement of their citizens. The measures resulted in the temporary closure of numerous businesses in those countries and, in many cases, widespread job losses, with particular adverse effects on the airline industry with flights between countries being severely restricted or curtailed.

It remains unclear how long restrictions will be in place in most countries and what their ultimate impact will be on global and local economies, as well as the airline industry on which the Group depends. It is also unclear to what extent the virus will recur or whether or not the virus may mutate in the future.

The Group has been negatively affected by the pandemic, principally through its impact on the airline industry. For example, based on the IATA Air Passenger Market Analysis as at 30 September 2020, total industry revenue passenger kilometers (RPK, a measure of air passenger volume) for the nine months ending 30 September 2020 were 64.7 per cent. lower than for the same period in 2019, total industry available seat kilometers (ASK, a measure of passenger carrying capacity) for the nine months ending 30 September 2020 were 56.2 per cent. lower than for the same period in 2019 and the total industry passenger load factor (PLF, which measures the percentage of available seating capacity that is filled with passengers) for the nine months ending 30 September 2020 was 16.1 per cent. lower than for the same period in 2019.

As a result, many of the Group's customers have experienced and are continuing to experience a significant disruption in revenues which has resulted in a number of adverse impacts on the Group, including a reduction in cash collections, higher trade receivables, lease concessions and rent deferrals. The Group has received a diverse range of requests for support from its customers and the Group has and continues to evaluate these requests on a case-by-case basis. As at 30 September 2020, the Group had concluded deferral relief packages incorporating lease extensions and other lease value enhancements with 21 customers. The total value of these deferral relief packages is U.S.\$155 million, which is equal to 13 per cent. of the Group's lease revenue for the 12 months preceding 30 September 2020. In addition, the Group has entered into various lease amendments principally involving near term relief in exchange for lease extensions and other lease value enhancements with a further 12 customers. The total value of the cash amounts deferred under these amendments in the nine months ended 30 September 2020 was U.S.\$84 million, which is equal to 7 per cent. of the Group's lease revenue for the 12 months preceding 30 September 2020. The Group's cash flows from operating activities in the nine months ending 30 September 2020 decreased by U.S.\$401.9 million to U.S.\$602.7 million from U.S.\$1,004.6 million in the corresponding period of 2019 due in part to the impact of COVID-19 amongst other factors. The impact on the Group's revenue was more limited, as the Group continued to recognize revenues in accordance with its lease agreements, subject to higher loss allowances.

As a result of the COVID-19 pandemic, the Group believes that there is an increased risk that some customers may default or become insolvent and that the Group may decide to repossess aircraft. In the event that any of the Group's customers do default under their deferral agreements or otherwise or become insolvent, the Group's results could be negatively impacted by aircraft impairments and/or increased loss allowances for trade receivables.

The impact of COVID-19 on the global aviation industry could also negatively impact the valuation of the Group's aircraft held for lease, particularly if the impact of the pandemic on the airline industry is prolonged.

The variability of supply and demand for aircraft could depress lease rental rates and the value of the Group's leased assets

The aviation leasing industry has experienced periods of aircraft oversupply and undersupply. The oversupply of a specific type of aircraft in the market is likely to depress lease rental rates for, and the value of, that type of asset. The supply and demand for aircraft is affected by various cyclical and non-cyclical factors that are not under the Group's control, including:

- passenger air travel and cargo demand;
- geopolitical and other events, including war, civil disturbances, acts of terrorism, outbreaks of epidemic diseases, such as the current COVID-19 pandemic, and natural disasters;
- governmental regulation, including regulation of trade, such as the ongoing trade dispute between the United States and China and other developments as a result of the policies of the current U.S. presidential administration or policies pursued in Europe, which could result in the imposition of import and export controls, tariffs and other trade barriers; weakness in the capital and credit markets, availability of credit and fluctuations in interest rates;
- operating costs, availability and price of jet fuel and general economic conditions affecting the Group's lessees' operations;

- airline restructurings and bankruptcies;
- cancellations of orders of aircraft;
- delays in delivery of aircraft by manufacturers;
- manufacturer production levels and technological innovation;
- aircraft and engine models being retired or otherwise made obsolete;
- manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types;
- new-entrant manufacturers producing additional aircraft that compete with existing models;
- accuracy of estimates relating to future supply and demand made by manufacturers and airlines;
- reintroduction into service of aircraft or engines previously in storage;
- airport and air traffic control infrastructure constraints;
- climate change initiatives, technological change, aircraft noise and emissions regulations, aircraft age limits and other factors leading to reduced demand for, early retirement of, or obsolescence of aircraft models; and
- technical issues or problems experienced in aircraft or engine types which impede the operability of the asset by the user.

The occurrence of any of these factors might produce sharp reductions in aircraft values and lease rental rates, impact the Group's cost of acquiring aircraft, result in lease defaults and delay or prevent the re-lease or sale of aircraft on favorable terms, any of which could have a material adverse effect on the Group through reduced revenue, lower gains on disposals of aircraft and increased impairment charges, loss allowances and other costs.

Factors that increase the risk of decline in aircraft values and achievable lease rental rates could materially negatively affect the Group's revenue and gains on disposal of aircraft

Aircraft values and lease rental rates have historically experienced adverse volatility due to macro and aviation-specific factors including, but not limited to, decreases in passenger and air cargo demand, increases in fuel costs, government regulation and changes in interest rates. Operating leases place a greater risk of realizations of residual values on aircraft lessors, because only a portion of the aircraft's value is covered by contractual cash flows at lease inception, and the lease term only extends for a portion of the aircraft's useful life. In addition to factors linked to the aviation leasing industry generally, other factors that may affect the value of the Group's aircraft and achievable lease rental rates for its aircraft include:

- the particular maintenance defects, repair costs, operating history and documentary records of the airframe and engines;
- the number of operators using that model of airframe or engine;
- whether an aircraft is subject to a lease and, if so, the terms and conditions of that lease;
- any renegotiation of an existing lease on less favorable terms;
- the age of the aircraft;
- the regulatory authority under which the aircraft is operated;
- mechanics' liens and other encumbrances imposed on the Group's aircraft;
- airworthiness directives and service bulletins applicable to the Group's aircraft;
- safety, noise and emission standards and regulation;

- any tax, customs, regulatory and other legal requirements that must be satisfied when an aircraft is purchased, sold, returned or re-leased;
- the compatibility of the Group's aircraft configurations or specifications with those desired by operators of that model of aircraft;
- oversupply of the specific model of aircraft in the market;
- increased supply of newly manufactured competitive aircraft;
- decreases in the creditworthiness of the Group's lessees; and
- the availability of spare parts.

Any decrease in the value of the Group's aircraft and lease rental rates for its aircraft that may result from the above factors or other unforeseen factors may have a material adverse effect on the Group's revenue and its gains or losses on disposal of aircraft.

The Group might not recover its entire investment in the aircraft in its fleet, which could have a material adverse effect on its financial condition

The Group bears the risk of re-leasing or selling the aircraft in its fleet both during and at the end of their respective lease terms. As only a portion of an aircraft's value is covered by contractual cash flows from the lessee at the inception of an operating lease, there is a risk that the Group will not fully realize the residual value of an aircraft at the end of its operating lease. If both demand for aircraft and market lease rental rates decrease and the conditions continue for an extended period, the market value of the Group's aircraft would be adversely affected and this might result in the Group recognizing potentially significant impairment charges which would negatively impact its profitability.

Aircraft of a particular model can become less in demand over time. The expected life cycle for an aircraft can also be shortened by world events, government regulation or customer preferences. As each aircraft in the Group's fleet ages, demand for that particular model and type of aircraft may decrease. This might result in lower revenue through declining lease rental rates and/or impairment charges which would adversely impact the Group's profitability.

Because the Group has high concentrations of particular models of aircraft, its business and financial results could be adversely affected by increased production of those models, or by the development of problems specific to one or more of those models

The Group's fleet of owned aircraft for lease to commercial airline customers are concentrated in specific models of commercial aircraft built by Airbus, Boeing and ATR, and there are a limited number of manufacturers of engines for those models (in some cases there is only a single manufacturer of engines for a particular model of airframe). The Group's business and financial results could be adversely affected if the manufacturers increase production of those models and create oversupply, if demand for one of those models of aircraft declines, if one of those models is redesigned or replaced by its manufacturer or if one of those models of aircraft or the related engines experience design or technical problems. If any such model or engines were to encounter technical or other problems, the value and lease rental rates of the relevant aircraft may decline, and the Group may be unable to lease the affected aircraft on favorable terms, if at all. Any significant technical problems with any model of aircraft could result in the grounding of the relevant aircraft such as the two fatal crashes within five months that caused the grounding of the Boeing 737 Max in March 2019 which remains in place. The Group has four such aircraft. Any decrease in the value and lease rental rates of its aircraft may materially adversely impact the Group's revenue, gains on disposal of aircraft and impairment allowances which in turn would negatively affect its profitability.

The Group depends on the availability of credit, and an unexpected increase in the Group's borrowing costs may materially adversely affect the Group

As at 30 September 2020, the Group's loans and borrowings (net of debt issuance costs) amounted to U.S.\$7,688.5 million. As this indebtedness becomes due, the Group will be required either (i) to refinance it by entering into new financings, which could result in higher borrowing costs and financings on less favorable terms, or (ii) to repay it using cash on hand or cash from the sale of its assets. In addition, an increase in interest rates under the Group's debt financing facilities would have an adverse effect on its

profit and could make certain aircraft leasing contracts unprofitable. For example, a sensitivity analysis in the 2019 Financial Statements indicates that if interest rates on the Group's outstanding debt as at 31 December 2019 had been 1 per cent. higher with all other variables held constant, the Group's post-tax profit for 2019 would have been U.S.\$24.8 million lower, mainly as a result of higher interest expense on floating rate debt, including the effect of the interest rate swaps.

The Group's lease rental rates are generally fixed over the life of the lease. Increases in the Group's cost of borrowing would be expected to directly and negatively impact its net income derived from these leases. The interest rates that the Group obtains on its debt financing are a result of several components, including the availability of credit, credit spreads, swap spreads and new issue premiums. These are all in addition to the underlying reference rate which is a variable rate. Any reduction in the Group's credit ratings or volatility in its perceived risk of default or in a market sector's risk of default may also adversely affect the Group's cost of funds.

The Group may not be able to obtain long-term debt financing or refinancing on attractive terms, if at all, which may adversely affect its business and growth strategy

The Group's business model contemplates its ability to enter into attractive and economical long-term financing for the acquisition of aircraft. Conditions in the capital markets or debt markets may prevent the Group from entering into long-term debt financing arrangements on terms favorable to it, or at all. The Group's inability to access such long-term financing or credit support on favorable terms could materially adversely affect its business and growth strategy.

A portion of the Group's loans and borrowings are secured which reduces the assets of the Group available to its unsecured creditors in the event of DAE's insolvency

As at 30 September 2020, the Group's secured loans and borrowings (before debt issuance costs) amounted to U.S.\$2,921.1 million, or 37.6 per cent. of its total loans and borrowings (before debt issuance costs) at the same date. The principal security for the Group's borrowings is aircraft owned by the Group. As at 30 September 2020, 108 aircraft with a net book value of U.S.\$4,462 million were used as collateral for the Group's secured borrowings. As a result, holders of the Group's secured debt will have a priority right to these secured assets in the event of DAE's insolvency.

The Group could be adversely affected by a negative change in its credit ratings

The Group's credit ratings are important to its business. DAE has credit ratings of BBB- with a negative outlook from Fitch (most recently reviewed in July 2020) and Baa3 with a negative outlook from Moody's (most recently reviewed in September 2020). Any negative change in the rating agencies' assessments of the Group could adversely affect their perception of the Group's credit and cause them to take negative ratings actions. Any downgrade in DAE's credit ratings or the threat of a potential downgrade could:

- adversely affect the Group's liquidity and competitive position;
- undermine confidence in the Group;
- increase its funding costs, particularly as the margin on certain of DAE's funding is linked to changes in its ratings;
- limit its access to the capital markets;
- limit the range of counterparties willing to enter into transactions with the Group, as many institutions require their counterparties to satisfy minimum ratings requirements; and/or
- negatively affect the market value of any Certificates issued under the Program.

In addition, the credit ratings assigned to DAE may not reflect the potential impact of all risks related to an investment in Certificates, the market, additional factors discussed in this Base Prospectus and other factors that may affect the value of any Certificates. A security rating is not a recommendation to buy, sell or hold securities. DAE's credit ratings are subject to change and could be downgraded as a result of many factors which are outside the Group's control.

The Group's business and results may be adversely affected by general business and economic conditions throughout the world

The Group's business and results may be adversely affected by general business and economic conditions throughout the world. General business and economic conditions that could affect the Group and its lessees include the level and volatility of short-term and long-term interest rates, inflation, employment levels, bankruptcies, fluctuations in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor confidence and the strength of the global, regional and local economies in which the Group and its lessees operate. A recession, including the recession caused by the COVID-19 pandemic in countries around the world, or worsening of economic conditions may have a material adverse effect on the ability of the Group's lessees to meet their financial and other obligations under their leases with the Group. If the Group's lessees default on their obligations under their leases, this could have a material adverse effect on the Group's cash flow and results of operations.

The impact of general business and economic conditions throughout the world on demand for passenger and cargo air travel is also a factor in a number of other risks, see "*—The variability of supply and demand for aircraft could depress lease rental rates and the value of the Group's leased assets*" and "*—Factors that increase the risk of decline in aircraft values and achievable lease rental rates could materially negatively affect the Group's revenue and gains on disposal of aircraft*" above and "*—Risks affecting the airline industry may adversely affect the Group's customers*" below

Risks affecting the airline industry may adversely affect the Group's customers

The Group operates as a supplier to airlines and is indirectly impacted by all the risks facing airlines today. The ability of each lessee to perform its obligations under its lease with the Group depends primarily on the lessee's financial condition and cash flow, which may be affected by factors beyond the Group's control, including:

- passenger and air cargo demand, which can be affected by a wide range of factors including restrictions on travel such as those imposed in response to pandemic diseases such as COVID-19 or natural disasters such as the Icelandic volcanic eruption in 2010 as well as a number of the other factors listed below;
- competition;
- passenger fare levels and air cargo rates;
- the continuing availability of government-funded programs, including military cargo or troop movement contracts, or other forms of government support, whether through subsidies, loans, guarantees, equity investments or otherwise;
- availability of financing and other circumstances affecting airline liquidity, including covenants in financings, terms imposed by credit card issuers, collateral posting requirements contained in fuel hedging contracts and the ability of airlines to make or refinance principal payments as they come due;
- aircraft accidents;
- operating costs, including the price and availability of jet fuel, labor costs and insurance costs and coverage;
- restrictions in labor contracts and labor difficulties;
- economic conditions, including recession, financial system distress and currency fluctuations in the countries and regions in which the lessee operates or from which the lessee obtains financing;
- losses on investments;
- geopolitical disturbances;
- trade embargoes;

- governmental regulation of or affecting the air transportation business, including noise regulations, emissions regulations, climate change initiatives and age limitations; and
- technical issues or problems experienced in aircraft or engine types which impede the operability of the asset by the user.

These factors, and others, may lead to defaults by the Group's customers which would negatively impact the Group, see "*—Airline defaults under the Group's leases could materially adversely affect the Group*" below.

Airline defaults under the Group's leases could materially adversely affect the Group

The Group's principal business is the acquisition and leasing of commercial aircraft to airlines. The ability of airlines to lease the Group's aircraft and perform under their leases is affected by their financial strength and the business risks they face at any given time, including passenger air travel and cargo demand, geopolitical and other events such as war, civil disturbances, acts of terrorism, outbreaks of epidemic diseases, such as the current COVID-19 pandemic, and natural disasters, and the availability and price of jet fuel. The volatility of the airline industry may also lead to airline bankruptcies and related defaults on the leases to which the Group is party.

To the extent that the Group's lessees are affected by these risk factors, the Group may experience:

- lower demand for the aircraft in its fleet which results in lower market lease rental rates and lease margins;
- a higher incidence of lessee defaults, lease restructurings and aircraft repossessions resulting in lost revenue and increased costs; or
- difficulty in placing new and used aircraft on commercially acceptable terms when they become available, resulting in aircraft not earning revenue and the Group incurring payments for storage, insurance, maintenance and other items.

If the Group repossesses an aircraft after a lessee default, it may be required to incur significant unexpected costs. These costs likely would include legal fees and other expenses of court or other governmental proceedings, including the cost of posting surety bonds or letters of credit necessary to effect repossession of an aircraft, particularly if the lessee is in bankruptcy or contesting the proceedings to obtain possession and/or de-registration of the aircraft. In addition, during these proceedings the relevant aircraft would likely not be generating revenue. The Group could also incur substantial maintenance, refurbishment or repair costs if a defaulting lessee fails to pay such costs and such maintenance, refurbishment or repairs are necessary to put the aircraft in suitable condition for re-lease or sale. The Group may also incur storage costs associated with any aircraft that it repossesses and is unable to immediately place with another lessee, and might have to pay off liens, taxes and other governmental charges on the aircraft to obtain clear possession and to remarket the aircraft effectively, including, in some cases, liens that the lessee might have incurred in connection with the operation of its other aircraft. The Group could also incur other costs in connection with the physical repossession of an aircraft, including costs for pilots and other personnel and costs related to retrieving or recreating aircraft records required for registration of the aircraft and obtaining a certificate of airworthiness.

The Group may also suffer other adverse consequences as a result of a lessee default and the related termination of the lease and the repossession of the related aircraft. The Group's rights upon a lessee default also may be subject to the limitations of applicable law, including the need to obtain a court order for repossession of the aircraft and/or consents for deregistration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions may give rights to a trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or may entitle the lessee or a third party to retain possession of the aircraft without paying lease rentals or performing all or some of the obligations under the relevant lease. Accordingly, the Group may be delayed in, or prevented from, enforcing certain of its rights under a lease and in re-leasing the affected aircraft which could give rise to additional losses.

A return to historically high fuel prices or continued volatility in fuel prices could affect the profitability of the aviation industry and the Group's lessees' ability to meet their lease payment obligations to the Group

Historically, fuel prices have fluctuated widely depending on international economic conditions, geopolitical and environmental events and currency exchange rates. Factors such as natural disasters and epidemic diseases such as COVID-19 can also significantly affect fuel availability and prices.

The cost of fuel represents a major expense to airlines that is not within their control, and significant increases in fuel costs, or hedges that inaccurately assess the direction of fuel costs, can materially and adversely affect their operating results. Due to the competitive nature of the aviation industry, operators may be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully offsets the increased fuel costs they may incur. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. The profitability and liquidity of those airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices, if such airlines are required as a result to post cash collateral under hedge agreements. Therefore, if for any reason fuel prices return to historically high levels (such as those experienced prior to the significant oil price declines in mid-2008 and in mid-2014) or show significant volatility, the Group's lessees are likely to incur higher costs or generate lower revenues, which may affect their ability to meet their obligations to the Group.

Alternatively, a sustained drop in oil prices and related decline in the price of fuel could prompt airlines to defer orders or delivery dates for newer, more fuel-efficient airframes and aircraft engines, as the urgency to reduce fuel consumption may be lessened. These actions could reduce or postpone the Group's anticipated revenues and reduce its profitability.

There are a number of risks related to the age and concentration of the aircraft in the Group's fleet which may impact its business

The average age of the Group's Owned Portfolio, weighted by Cirium/Ascend half-life current market value, was 6.4 years as at 30 September 2020. In general, transition costs for older aircraft will increase as a result of typically shorter lease terms. As a result, the Group's operational costs are likely to increase as its aircraft age and the incurrence of greater expenses as its fleet ages could adversely affect the Group's ability to meet its obligations.

Further, the concentration of certain aircraft types in Group's fleet could lead to adverse effects on its business should any difficulties specific to these particular types of aircraft occur. See "*—Because the Group has high concentrations of particular models of aircraft, its business and financial results could be adversely affected by increased production of those models, or by the development of problems specific to one or more of those models*" above.

If the Group's aircraft are not properly maintained, their value may decline and the Group may not be able to lease or re-lease such aircraft at favorable rates or at all

The Group may be exposed to increased maintenance costs for its aircraft due to a lessee's failure to properly maintain the aircraft or pay supplemental maintenance rent for such aircraft. If an aircraft is not properly maintained, its market value may decline, which would result in lower revenues from its lease or sale. Because the Group is not in possession of an aircraft when it is on lease to an airline, the Group's ability to determine whether the airline is properly maintaining the aircraft is limited to periodic inspections. The Group's leases require the lessees of its aircraft to be responsible for maintenance of the aircraft. Failure of a lessee to perform required maintenance during the term of a lease could result in a diminution in the value of an aircraft, the Group's inability to re-lease the aircraft at favorable rates, if at all, or a potential grounding of the aircraft, and will likely require the Group to incur maintenance and modification costs upon the termination of the applicable lease, which could be substantial, to restore the aircraft to an acceptable condition prior to re-leasing or sale.

Further, in the event that a lessee defaults under a lease, there can be no assurance that any security deposit or supplemental maintenance rent provided by the lessee will be sufficient to cover the lessee's outstanding or unpaid lease obligations and maintenance requirements. Some of the Group's leases do not provide for any supplemental maintenance rent to be paid by lessees as security and instead provide for maintenance status adjustment payments to be made at the end of the lease term, in which case the Group takes the credit

risk that the lessee will not have adequate funds to meet its financial obligations upon the return of the relevant aircraft. In addition, supplemental maintenance rent or maintenance status adjustment payments may not cover all required maintenance. Further, there can be no assurance that lessees will meet their obligations to pay supplemental maintenance rent or maintenance status adjustment payments or perform required scheduled maintenance. These factors may increase the Group's losses in the event of a lessee default.

Unforeseen difficulties and costs associated with potential acquisitions and/or management of the Group's aircraft could have a material adverse effect on the Group

The Group's business strategy contemplates continued acquisitions and leasing of additional aircraft. The Group may encounter difficulties in acquiring aircraft for which there is high market demand on favorable terms or at all, which could reduce the Group's acquisition opportunities or cause it to pay higher prices. Any aircraft acquired by the Group may not generate sufficient cash flow to justify its investment and may not generate the anticipated profits. In addition, the Group's acquisition strategy exposes it to risks that may harm its business, financial condition, results of operations and cash flows, including risks that the Group may:

- fail to realize anticipated benefits, such as new customer relationships or cash flow enhancements;
- impair its liquidity by using a significant portion of its available cash or borrowing capacity to finance acquisitions;
- significantly increase its interest expense and financial leverage to the extent that it incurs additional debt to finance acquisitions;
- incur or assume unanticipated liabilities, losses or costs associated with the aircraft that it acquires; or
- incur other significant charges, including asset impairment or restructuring charges.

The Group faces strong competition in all of its business areas

The Group has numerous competitors for the leasing of new and used aircraft. In addition to other aircraft leasing companies, the Group faces competition primarily from airlines, airframe and engine manufacturers, financial institutions, including those seeking to dispose of repossessed aircraft at distressed prices, and brokers. Competition for a leasing transaction is based primarily upon lease rental rates, delivery dates, lease terms, reputation, management expertise, aircraft condition, specifications and configuration and the availability of the models of aircraft necessary to meet the needs of the customer. Certain of the Group's competitors have significantly greater resources than the Group, and some competing aircraft lessors might have a lower overall cost of capital and be able to provide financial services or other inducements to potential lessees that could place the Group at a cost and price disadvantage.

Given the financial condition of the airline industry, many airlines have reduced their capacity by eliminating select types of aircraft from their fleets, affecting the prices both of the aircraft types they eliminate and the types they continue to use. This elimination of certain aircraft from the fleets of many airlines has resulted, and can be expected to continue to result, in an increase in the availability of such aircraft in the market, a decrease in rental rates for such aircraft and a decrease in the market values of such aircraft, including models in the Group's portfolio.

The Group may not be able to successfully identify, consummate or integrate acquisitions

From time to time, the Group may opportunistically pursue acquisition opportunities or other strategic transactions. The pursuit of acquisitions may pose certain risks to the Group. The Group may not be able to identify acquisition candidates that fit its criteria for growth and profitability. Even if the Group is able to identify such candidates, it may not be able to acquire them on satisfactory terms. In relation to any potential acquisition, the Group incurs expenses and dedicates attention and resources associated with the review of the acquisition opportunity, whether or not it consummates acquisition.

Additionally, even if the Group is able to acquire suitable targets on agreeable terms, the Group may not be able to successfully integrate the acquired entity's operations with those of the Group. Achieving the anticipated benefits of any acquisition will depend in significant part upon whether the Group is able to

integrate the acquired businesses in an efficient and effective manner. The Group may not be able to achieve the anticipated operating and cost synergies or long-term strategic benefits of its acquisitions within the anticipated timing or at all. For example, elimination of duplicative costs may not be fully achieved or may take longer than anticipated. In addition, for a potentially substantial period after a significant acquisition, the benefits from the acquisition are likely to be offset by the costs incurred in integrating the businesses and operations. These costs may include costs for:

- employee retention, redeployment, relocation or severance;
- the assumption of new facilities and offices;
- advisory services in respect of accounting, tax, legal and regulatory matters;
- the integration of information systems; and
- the maintenance and management of the combined portfolio.

The Group may also assume liabilities in connection with acquisitions that it would not otherwise be exposed to. An inability to realize the full extent of, or any of, the anticipated synergies or other benefits of an acquisition as well as any delays that may be encountered in the integration process, which may delay the timing of such synergies or other benefits, could have an adverse effect on the Group's future business and results of operations, principally through increased costs and missed revenue opportunities.

The Group is subject to various risks and requirements associated with transacting business in foreign jurisdictions

The international nature of the Group's business exposes it to trade and economic sanctions and other restrictions imposed by the U.S., the EU and other governments or organizations. The aircraft leasing industry involves transactions with state-owned airlines in markets presenting a higher risk of corruption. The U.S. Departments of Justice, Commerce, State and Treasury and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against companies and individuals for violations of economic sanctions laws, export controls, the Foreign Corrupt Practices Act (the "FCPA"), and other federal statutes and regulations, including those established by the Office of Foreign Assets Control ("OFAC"). Under these laws and regulations, various government agencies may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities, and modifications to compliance programs, which may increase compliance costs, and may subject the Group to fines, penalties, restrictions and other enforcement measures. A violation of these laws or regulations could adversely impact the Group's business, reputation, operating results and financial condition.

The Group has implemented and maintains policies and procedures reasonably designed to promote compliance with the FCPA, OFAC regulations and other export control, anti-corruption, sanctions, anti-terrorism and anti-money laundering laws and regulations. There can be no assurance, however, that its directors, officers, employees, consultants and agents will not engage in conduct for which the Group may be held responsible, nor can there be any assurance that the Group's business partners will not engage in conduct which could materially affect their ability to perform their contractual obligations, damage the Group's reputation or even result in the Group being held liable for such conduct. Violations of the FCPA, OFAC regulations and other export control, anti-corruption, sanctions, anti-terrorism and anti-money laundering laws and regulations may result in severe criminal or civil penalties, and significant legal costs associated with the investigation and defense of these matters, which could negatively affect the Group's reputation, future business and profitability.

The Group's business depends on the ability of aircraft manufacturers to remain financially stable and to fulfil their contractual obligations, and their inability to do so could materially adversely affect the Group

The Group purchases and then leases commercial aircraft that are currently built by three airframe manufacturers, Airbus, Boeing and ATR. In addition, only a limited number of engine manufacturers produce engines for the types of airframes that the Group purchases. As a result, the Group depends on these manufacturers, particularly Airbus and Boeing, remaining financially stable, producing aircraft and related components that meet the Group's customers' demands, both in type and quantity, and fulfilling their

contractual obligations to the Group. Further, competition between the manufacturers for market share is intense and may lead to instances of deep discounting for certain aircraft types that might negatively impact the Group's competitive pricing. Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfil their contractual obligations, the Group may experience:

- missed or late delivery of aircraft ordered by the Group and a consequent inability to meet its contractual obligations to its lessees, resulting in lost or delayed revenues, lower growth rates and strained customer relationships;
- an inability to acquire aircraft on terms that will allow the Group to lease those aircraft to lessees at a profit, resulting in lower growth rates or a contraction in its fleet;
- a marketplace with too many aircraft available, creating downward pressure on demand for the aircraft in the Group's fleet and reduced market lease rental rates;
- poor customer support from the manufacturers of aircraft and components resulting in reduced demand for such manufacturers' products, creating downward pressure on demand for the aircraft in the Group's fleet produced by such manufacturers and reduced market lease rental rates for those aircraft; and
- a reduction in the Group's competitiveness due to deep discounting by the manufacturers, which might lead to reduced market lease rental rates and might impact the Group's ability to remarket or sell aircraft in its fleet.

There have in the past been delays by both Airbus and Boeing in meeting stated deadlines to deliver new aircraft to market. In addition, the manufacturers of the Group's airframes, engines and parts occasionally experience delays from strikes or natural disasters. If the Group has ordered new aircraft from a manufacturer and agreed to a lease of such aircraft to an airline customer, delays in delivery, while outside the Group's control, could nonetheless result in its lessees terminating their lease arrangements with the Group in respect of the affected aircraft, strain the Group's relations with those lessees and otherwise have a material adverse effect on the Group's future business.

DAE is controlled by ICD, which is in turn controlled by the Government of Dubai, each of whose interests may not be aligned with the interests of the Group's creditors

DAE is wholly owned (directly and indirectly) by ICD, which is wholly owned by the Government of Dubai. ICD controls the election of DAE's directors, who in turn control the appointment of senior management, the entering into mergers, sales of substantially all of the Group's assets and other extraordinary transactions. The directors also have authority, subject to the terms of the Group's financing, to issue additional shares, declare dividends and distributions and make other decisions. The Group expects to make distributions in the future, but does not provide any assurance as to if, when, or how much it will make in distributions in the future.

The interests of ICD could conflict with the interests of the Group's creditors. For example, if the Group encounters financial difficulties or is unable to pay its financing as it matures, the interests of ICD, as equity holder, might conflict with the interests of its creditors. ICD may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in ICD's judgment, could enhance its equity investment, even though such transactions might involve risks or otherwise conflict with the interests of the Group's creditors. Additionally, ICD is in the business of making investments in companies, including other companies in the aerospace and aviation industry, and may from time to time in the future acquire interests in businesses that directly or indirectly compete with certain portions of the Group's business or are suppliers or customers of the Group. In addition, ICD's ownership by the Government of Dubai may subject the Group to political or other risks that it would not otherwise be subject to if its principal shareholder was not an affiliate of a sovereign entity.

Airworthiness directives may affect a substantial number of aircraft in the Group's fleet and the Group may be forced to bear a substantial portion of the cost of compliance

In addition to the general aviation authority regulations and requirements regarding maintenance, the Group's aircraft may be subject to further maintenance requirements imposed by airworthiness directives issued by aviation authorities. Airworthiness directives typically require particular special maintenance

actions or modifications to certain aircraft types or models of aircraft that the owners or operators of aircraft must implement. Given the high concentrations of particular models of aircraft in the Group's fleet, airworthiness directives might affect a substantial number of aircraft in the fleet. Under the Group's leases, a lessee is responsible for maintaining the leased aircraft as airworthy during the term of the relevant lease, and lessees are therefore responsible for complying with airworthiness directives affecting the Group's aircraft during the term of the relevant lease. However, in some leases the Group has agreed to bear a portion of the cost of compliance with an airworthiness directive if it exceeds a specified threshold. If lessees fail to satisfy their obligations, if the Group has undertaken some obligations as to airworthiness under a lease or if the aircraft is not subject to a lease, the Group may be forced to bear (or, to the extent required under the relevant lease, to share) the cost of any airworthiness directives compliance.

Emission and noise regulation may affect a substantial number of aircraft in the Group's fleet, impose burdens on lessees of aircraft in the Group's fleet and make the aircraft in the Group's fleet less desirable to prospective lessees

Significant new requirements with respect to noise standards, emission standards and other aspects of the Group's aircraft or their operation could cause the value of the Group's aircraft portfolio to decrease. Other laws and regulations may be imposed, from time to time, not only in the jurisdictions in which the aircraft are registered, possibly as part of the airworthiness requirements, but also in other jurisdictions where the aircraft operate. For example, the United States and other jurisdictions have stringent limits on nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines. In addition, European countries generally have more strict environmental regulations and, in particular, the European Parliament has included aviation in the European Emissions Trading Scheme ("ETS"), which regulates greenhouse gas emissions. Compliance with the reporting requirements under the ETS have been temporarily stayed for flights between the European Economic Area and countries outside the European Economic Area until 31 December 2023. In October 2016, the International Civil Aviation Organization adopted the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), a global market-based scheme aimed at reducing carbon dioxide emission from international aviation that will become mandatory in 2027. At least 77 countries, including the United States, have indicated that they will participate in the voluntary phase-in of CORSIA which begins in 2021, although the United States subsequently indicated that it is reviewing its commitment to CORSIA. Limitations on emissions such as ETS and CORSIA could favor younger, more fuel-efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect the Group's ability to re-lease or otherwise dispose of less efficient aircraft on a timely basis, on favorable terms, or at all. This is an area of law that is rapidly changing and as of yet remains specific to certain jurisdictions. While DAE does not know at this time whether new emissions restrictions will be passed, and if passed what impact they might have on the Group's business, any future emissions limitations could adversely affect the Group.

The aircraft in the Group's fleet may not at all times be adequately insured either as a result of lessees failing to maintain sufficient insurance during the course of a lease or insurers not being willing to cover certain risks, which could have a material adverse effect on the Group

The Group does not directly control the operation of any aircraft in its fleet as the lessees possess and control operation of aircraft pursuant to the leases. Nevertheless, because the Group holds legal and/or beneficial title, directly or indirectly, to the majority of the aircraft in its fleet, the Group could be held liable for losses resulting from the operation of those aircraft in certain jurisdictions around the world. The Group's leases require each lessee to maintain specified levels and types of insurance, and to indemnify the Group for, and insure the Group against, liabilities arising out of the lessee's use and operation of the aircraft. A lessee's cover may be insufficient to protect the Group's interests, if the lessee does not maintain adequate insurance coverage during the lease term (in breach of the lease provisions) or if the lessee's insurer does not cover a claim (in whole or in part).

In addition, there are certain risks or liabilities that the Group's lessees may face for which insurance coverage may be unavailable or for which the cost to obtain such coverage may be prohibitively expensive. It may be that after certain global events some coverages are restricted or withdrawn, either temporarily or on a long-term basis. For example, following the terrorist attacks of 11 September 2001, non-government aviation insurers significantly reduced the amount of insurance coverage available for claims resulting from acts of terrorism, war, 'dirty bombs', biohazardous materials, electromagnetic pulses or similar events. Accordingly, the Group's lessees' insurance or other coverage may not be sufficient to cover all claims that could be asserted against the Group by third parties arising from the operation of the Group's aircraft by its lessees. In the event the Group is sued and is required to make payments to claimants arising out of the

operation of its aircraft by its lessees, the Group will initially rely upon the protection of the relevant lessee's insurance. The Group's own contingent insurance may provide protection, solely for the Group, over and above the relevant lessee's insurance should the relevant lessee's insurance be insufficient. Ultimately there may not be commercially available insurance or the insurances purchased by the lessee and/or the Group may be inadequate, which could result in the Group incurring material liabilities or increased costs, which would negatively affect its profitability.

The Group's aircraft may not at all times be duly registered with the appropriate governmental civil aviation authority as a result of lessees failing to maintain such registration during the course of a lease, which could subject the Group to penalties and have other adverse effects, including grounding of aircraft and loss of insurance

Pursuant to the terms of the Group's aircraft leases, its aircraft are required to be duly registered at all times with the appropriate governmental civil aviation authority. Under the laws of most jurisdictions, the Group's aircraft are registered in the name of its lessees. In such case, the failure by a lessee to maintain the registration of any aircraft that is on lease would be a default under the applicable lease, entitling the Group to exercise its rights and remedies under the lease. If an aircraft were to be operated without a valid registration, the relevant lessee or, in some cases, the Group, as the direct or indirect owner or lessor of the aircraft might be subject to penalties, which could constitute or result in a lien being placed on the affected aircraft. Lack of registration could have other adverse effects, including grounding of the affected aircraft and loss of insurance. No assurance is given that the Group's lessees will always comply with their registration requirements.

If the Group's lessees fail to appropriately discharge aircraft liens, the Group may be obliged to pay the debts secured by aircraft liens

In the normal course of business, liens that secure the payment of airport fees and taxes, custom duties, air navigation charges, landing charges, crew wages, repairer's charges, salvage or other charges are likely, depending on the jurisdiction in question, to attach to aircraft that the Group has leased to an airline. Any such lien may secure substantial sums; in certain jurisdictions and for certain types of lien (particularly fleet liens), the sum secured may exceed the value of the particular aircraft to which the lien has attached. Although the obligation to pay the amounts secured by a lien is the responsibility of the relevant lessee, if a lessee fails to fulfil its obligations, the lien may attach to the aircraft leased from the Group. In some jurisdictions, a lien may give the holder of it the right to detain or, in limited cases, sell or cause the forfeiture of the affected aircraft.

Until it is discharged, any lien described above could impair the Group's ability to repossess, re-lease or resell its affected aircraft. No assurance is given that the Group's lessees will comply with their obligations under their leases to discharge liens arising during the terms of the leases. If they do not, the Group may, in some cases, find it necessary to pay the claims secured by a lien in order to repossess the affected aircraft, which would increase its costs and could have a material impact on its profitability.

In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and the Group may not be able to exercise its ownership rights over the engine

In some jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft, whereby the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner's obligations to a third party, the security interest in the aircraft may supersede the Group's rights as owner of the engine. This legal principle could limit the Group's ability to repossess an engine in the event of a lease default while the aircraft with the Group's engine installed remains in such jurisdiction. The Group could suffer a substantial loss if it is not able to repossess engines leased to lessees in these jurisdictions.

Changes in the Group's effective tax rate may reduce its net income in future periods

DAE maintains a competitive worldwide effective corporate tax rate; however, it cannot give any assurance as to the Group's effective tax rate because of, among other things, uncertainty regarding the tax policies of the jurisdictions where the Group operates. As a result, the Group's effective tax rate may increase in future periods, which could have a material adverse effect on the Group's financial results. Additionally, the Group's tax position could be adversely impacted by changes in tax rates generally, new or amended tax

laws, tax treaties or tax regulations or changes in the interpretation of such laws, treaties or regulations by the tax authorities in jurisdictions where the Group operates.

Failure to manage the risks associated with such changes, or misinterpretation of the laws relating to taxation, could result in increased charges, financial loss, including penalties, and reputational damage and materially adversely affect the Group.

The Group operates in multiple jurisdictions and may become subject to a wide range of income and other taxes

The Group operates in multiple jurisdictions and is subject to a wide range of income and other taxes. The Group seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations. However, there is a risk that the Group's subsidiaries may be subject to tax in jurisdictions where they currently do not pay tax or be subject to a greater amount of tax than currently anticipated. In relation to corporate income tax, certain Group companies may be required to comply with the OECD requirements regarding transfer pricing and transfer pricing documentation, as well as with new legislation being implemented as a result of the Base Erosion and Profit Shifting ("BEPS") framework and the EU Anti-Tax Avoidance Directive ("ATAD") implemented by the EU from 1 January 2019. Both BEPS and ATAD seek to address tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. The new rules may, in practice and under certain circumstances, result in double taxation of income or in costs being non-deductible. Moreover, as the Group's aircraft are operated by its lessees in multiple jurisdictions, the Group may have nexus or taxable presence as a result of its aircraft operating in various jurisdictions. Such operations may result in the Group being subject to various foreign, state and local taxes in such jurisdictions. The Group's leases require its lessees to indemnify it in respect of any such taxes but if such indemnification is not required or if any lessees fail to make such indemnification, the Group's financial condition, cash flow and results of operations could be materially adversely affected if it becomes subject to significant income and other taxes that it is not currently subject to.

The Group's tax affairs are open to review and challenge by the tax authorities throughout the world. The Group is subject to routine tax audits by a wide range of tax authorities. Ongoing and future tax audits may result in additional tax and interest payments, which could materially adversely affect the Group's post-tax profitability.

A cyber-attack could lead to a material disruption of the Group's IT systems and the loss of business information, which may impair the Group's ability to conduct its business effectively and may result in lost revenues and additional costs

Parts of the Group's business depend on the secure operation of its computer systems to manage, process, store and transmit information associated with aircraft leasing. A cyber-attack that bypasses the Group's information technology ("IT") security systems, causing an IT security breach, could lead to a material disruption of its IT systems and adversely impact its daily operations and cause the loss of sensitive information, including the Group's own proprietary information and that of its customers, suppliers and employees. Such losses could harm the Group's reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenue, additional costs and liabilities. While the Group devotes substantial resources to maintaining adequate levels of cyber-security, its resources and technical sophistication may not be adequate to prevent all types of cyber-attacks.

The Group could suffer material damage to, or interruptions in, its IT systems as a result of external factors, staffing shortages or difficulties in updating its existing software or developing or implementing new software or by failing to keep current the technologies deployed

The Group depends on its IT systems in the conduct of all aspects of its operations. IT systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, fire and natural disasters, or failure to maintain vendor supported technologies and platforms. Damage or interruption to the Group's information systems may require a significant investment to fix or replace them, and the Group may suffer interruptions in its operations in the interim. In addition, the Group is currently pursuing a number of IT-related projects that will require ongoing IT-related development and upgrade of existing systems which rely heavily on the internal intellectual capital of a small team. Costs and potential problems and interruptions associated with the implementation of new

or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of the Group's operations. Any material interruptions or failures in its information systems may have a material adverse effect on the Group's reputation, revenue, costs and ultimately profitability.

RISKS RELATED TO THE REGIONS IN WHICH THE GROUP OPERATES

The Group is subject to political and economic conditions in Dubai, the UAE and the Middle East

Although Dubai and the broader UAE enjoy domestic political stability and generally healthy international relations, since early 2011, there has been political unrest in a number of countries in the Middle East and North Africa ("MENA") region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such occurrences might have on Dubai and the UAE. The MENA region is currently subject to a number of armed conflicts including those in Yemen, Syria, Iraq and Palestine as well as the multinational conflict with the Islamic State.

In addition, since June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen, have severed diplomatic ties with, cut trade and transport links with, and imposed sanctions on, Qatar. There can be no assurance as to when diplomatic relations will be restored or air, land and sea connections reopened with Qatar.

More recently, tensions in the Gulf region have continued to increase. On 14 September 2019, the Abqaiq processing facility and the Kurais oil field in Saudi Arabia were damaged to a significant extent in apparent drone attacks, which caused an immediate significant reduction in the output of Saudi Aramco, Saudi Arabia's national oil company. There can be no assurance that a similar incident could not occur elsewhere in the Gulf region. Although the UAE has not experienced significant terrorist attacks, there can be no assurance that extremists or terrorist groups will not initiate violent activity in the UAE.

These recent and ongoing developments may contribute to instability in the region and may have a material adverse effect on Dubai's security and its economy and financial condition and these factors would also be likely to negatively impact investors' perceptions of the Group given their status as wholly-owned government companies.

Investors should also note that the Group's business could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

The Group may be indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect the Group

A large portion of the Group's fleet is leased to airlines outside of North America and Western Europe in emerging market countries and the main facility of its engineering division is located in Amman in Jordan. Emerging market countries have less-developed economies and are often more vulnerable than other countries to economic and political events. Emerging market countries may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. The occurrence of any of these events in markets served by the Group's lessees and the resulting economic instability that may arise could have a material adverse effect on the value of the Group's ownership interest in aircraft subject to leases in those countries, or the ability of the Group's lessees that operate in those markets to meet their lease obligations to the Group.

Legal systems in emerging market countries may be less developed. For example, certain countries may not have fully implemented the Cape Town Convention on International Interests in Mobile Equipment, a treaty that, among other things, established international standards for the registration, protection and enforcement of lessors' and financiers' rights in aircraft, which could make it more difficult for the Group to enforce its legal rights in such countries.

Further, demand for aircraft is dependent on passenger and cargo traffic, which in turn is dependent on general economic conditions. As a result, weak or negative economic growth in emerging markets may have an indirect effect on the value of the Group's ownership interest in any aircraft leased to airlines and other lessees that are adversely affected by those factors.

RISKS RELATED TO THE CERTIFICATES

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 each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, or any early redemption of the Certificates pursuant to Condition 8 (*Redemption and Dissolution of the Trust*), the sole rights of each of the Delegate and, through the Trustee and/or the Delegate, the Certificateholders of the relevant Series will be against the Obligor to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Obligor (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate or any Agent in respect of any shortfall in the expected amounts due under the relevant Trust Assets other than what is agreed under the Transaction Documents. The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee and/or the Delegate. The Delegate will (in the name of the Trustee) have recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. Certificateholders have no recourse to the Obligor unless the Delegate, having become bound to proceed against the Obligor, (i) fails to do so within a reasonable period or (ii) is unable to do so by reason of an order of a court having competent jurisdiction, and such failure or inability is continuing. There is no assurance that the net proceeds of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing the Obligor's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the relevant Certificates. After enforcing or realizing the rights in respect of the Trust Assets of a Series (in the manner described above) and the distribution of the net proceeds of such Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder be entitled in respect thereof to petition or take any steps for the winding up of the Trustee nor have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate (acting in the name of the Trustee) and the Certificateholders (acting through the Delegate) against the Obligor shall be to enforce the obligation of the Obligor to perform its obligations under the Transaction Documents to which it is a party. The obligations of the Obligor under the Transaction Documents are unsecured and rank *pari passu* with the other unsecured indebtedness of the Obligor (subject to Condition 6.2 (*Negative Pledge*)).

The terms of the Certificates may be modified without the consent of all Certificateholders

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

In addition, the Conditions provide that the Delegate may, without the consent of the Certificateholders: (a) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, (i) of a formal, minor or technical nature or (ii) is made to correct a manifest error or (iii) is not materially prejudicial to the interests of the outstanding Certificateholders provided that such modification is, in the case of (iii), other than in respect of a Reserved Matter; (b) agree to any waiver or authorization of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents; or (c) determine that any Dissolution Event shall not be treated as such, provided that such waiver, authorization or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a

Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series.

In addition, pursuant to Condition 7.2(g) (*Benchmark Replacement*), certain changes may be made to the profit calculation provisions of the Certificates without the consent of Certificateholders.

The transferability of the Certificates may be limited under applicable securities and tax laws, which may adversely affect the value of the Certificates

The Certificates have not been registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. In addition, neither the Trustee nor the Obligor has registered and neither intends to register as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7) thereof. The Certificates may not be offered, sold or otherwise transferred in the United States or to or for the account or benefit of a U.S. person other than to persons that are QIBs that are also QPs or Institutional Accredited Investors that are also QPs. In addition, each purchaser of a Certificate will be required to represent that it is not a Benefit Plan Investor or a plan that is subject to any Similar Law, as described under "*Certain ERISA and Related Considerations*". Each purchaser of the Certificates will also be deemed, by its acceptance of such Certificates, to have made certain representations and agreements intended to restrict transfers of the Certificates as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of the Certificates to ensure that its offers and sales of the Certificates comply with all applicable securities laws.

In addition, if at any time the Trustee or the Obligor determines that any owner of Certificates, or any account on behalf of which an owner of Certificates purchased its Certificates, is a person that is required to be either a QIB that is also a QP or an Institutional Accredited Investor that is also a QP and does not meet those requirements, or is a Benefit Plan Investor, the Trustee or the Obligor may require that such owner's Certificates be sold or transferred to a person designated by or acceptable to the Trustee and the Obligor.

The Trustee is a "covered fund" for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Certificates

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing regulations (the "**Volcker Rule**"), relevant "banking entities" (as defined under the Volcker Rule) are generally prohibited from, among other things, acquiring or retaining any equity, partnership, or other "ownership interest" in, or in "sponsoring", any "hedge fund" or "private equity fund", together "covered funds" (each as defined under the Volcker Rule). An "ownership interest" in a covered fund is broadly defined. In addition, in certain circumstances, the Volcker Rule restricts banking entities from entering into certain credit related transactions with covered funds.

A "hedge fund" and a "private equity fund" are defined widely, and include any issuer which would be required to register as an investment company under the Investment Company Act but for section 3(c)(1) or 3(c)(7) of that Act. As the Trustee is exempt from registration under the Investment Company Act in reliance on the exemption provided by section 3(c)(7) thereof, the Trustee will be a "covered fund" and acquisition of the Certificates is likely to be considered an acquisition of an "ownership interest" in a "covered fund" (as those terms are used in the Volcker Rule). In the absence of an available exemption, it is expected that the provisions of the Volcker Rule will severely limit the ability of U.S. banking entities (including controlled affiliates of U.S. banking institutions outside the United States) to hold an ownership interest in the Trustee. The marketability and liquidity of the Certificates may be significantly impaired if there is no available exemption.

Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in ownership interests (for purposes of the Volcker Rule) of the Trustee should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. Each investor is responsible for analyzing its own position under the Volcker Rule and any similar measures and none of the Trustee, the Obligor, the Arrangers or the Dealers makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Certificates, now or at any time in the future.

The Certificates may be subject to early dissolution

In certain circumstances the Certificates may be subject to early dissolution. Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10 (*Taxation*) or the Obligor has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series (as specified in the applicable Final Terms) and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice and payment of the Exercise Price by the Obligor upon due exercise of the Sale Undertaking redeem the Certificates, in whole but not in part, at an amount equal to the relevant Dissolution Distribution Amount on the relevant Early Tax Dissolution Date specified in the Exercise Notice in accordance with Condition 8.2 (*Early Dissolution for Taxation Reasons*).

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Obligor. In the case of Certificates with an additional optional dissolution feature, the Obligor may choose to redeem such Certificates when its cost of borrowing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the 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. In addition, such an optional dissolution feature could limit the market value of Certificates prior to or during any period when the Obligor may elect to redeem Certificates as the market value of those Certificates generally would not rise substantially above the Dissolution Distribution Amount at which they can be redeemed.

The Certificates may also be redeemed prior to the Scheduled Dissolution Date if 75 per cent. or more of the initial aggregate face amount of the Certificates have been redeemed and/or purchased and cancelled at the option of the Obligor, pursuant to Condition 8.7 (*Dissolution at the Option of the Obligor (Clean Up Call Right)*).

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

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

Regulation (EU) 2016/1011, as amended (the "**Benchmark Regulation**") became applicable from 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU or the United Kingdom. The Benchmark Regulation could have a material impact on any Certificates linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on 29

November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the profit provisions of the Conditions (as further described in Condition 7.2(g) (*Benchmark Replacement*)) or result in adverse consequences to holders of any Certificates linked to such benchmark (including Floating Rate Certificates whose profit rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Certificates, the return on the relevant Certificates and the trading market for securities (including the Certificates) based on the same benchmark.

The Conditions provide for certain fallback arrangements if a Benchmark Event occurs, including the possibility that the profit rate could be set by reference to a successor rate or an alternative reference rate (without a requirement for the consent or approval of Certificateholders) and that such successor rate or alternative reference rate may be adjusted (if required) by an Adjustment Spread. Any such changes may result in the Certificates performing differently (which may include payment of a lower profit rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback for a particular Return Accumulation Period may result in the profit rate for the last preceding Return Accumulation Period being used. The consent or approval of the Certificateholders shall not be required in connection with effecting a successor rate or an alternative reference rate (as applicable) and/or (in either case) an Adjustment Spread or any of the other changes set out in Condition 7.2(g) (*Floating Rate Certificate Provisions – Benchmark Replacement*).

This may result in the effective application of a fixed rate for Floating Rate Certificates based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Certificates.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Certificates linked to or referencing a benchmark.

Certificates where denominations involve integral multiples: Individual Certificates

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Final Terms) plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system, would need to purchase an additional amount of Certificates such that such holder holds an amount equal to at least the minimum

Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a principal amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive an Individual Certificate.

There is no assurance that the Certificates will be compliant with the principles of Islamic finance

The Fatwa and Sharia Supervisory Board of Dubai Islamic Bank PJSC, the First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Sharia Supervisory Committee of Emirates NBD – Al Watani Al Islami and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited have each issued a *fatwa* in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari'a* principles as applicable to, and interpreted by, them. However, a *fatwa* is only an expression of the view of the relevant *Shari'a* advisory board based on its experience in the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates and neither the Trustee, the Obligor, the Delegate nor the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible and different *Shari'a* standards may be applied by different *Shari'a* boards. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that, pursuant to the terms of the Transaction Documents, the enforcement of any obligations of any of the parties would be, if in dispute, the subject of arbitration under the LCIA Rules. Each of the Trustee and the Obligor have also agreed under the Transaction Documents to submit to the jurisdiction of the courts of the DIFC or England (which in each case shall, except as provided therein, have exclusive jurisdiction to settle any dispute arising from such documents). In such circumstances, the arbitrator or judge, as the case may be, will apply the relevant law of the relevant Transaction Document in determining the obligation of the parties.

Shari'a requirements in relation to interest awarded by an arbitrator or court

In accordance with applicable *Shari'a* principles, each of the parties to the Transaction Documents will waive all and any entitlement it may have to interest awarded in its favor by any arbitrator or court in connection with any dispute under any of the Transaction Documents to which it is a party. Should there be any delay in the enforcement of an arbitral award or judgment given against the Obligor, 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.

Investors in the Certificates must rely on DTC, Euroclear and Clearstream, Luxembourg procedures to exercise certain rights under the Certificates

Other than Certificates offered and sold in the United States to Institutional Accredited Investors, which will be in definitive form, the Certificates of each Series will be represented on issue by one or more Global Certificates that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or may be deposited with a custodian for DTC (see further, "*Form of the Certificates*"). Except in the circumstances described in each Global Certificate, investors in such Global Certificates will not be entitled to receive Certificates in definitive form. Each of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Certificates are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Certificates are represented by Global Certificates, the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of

a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Certificates. Neither the Trustee nor the Obligor has any responsibility or liability for the records relating to, or payments made in respect of, ownership interests in any Global Certificate.

Holders of ownership interests in a 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.

A secondary market may not develop for any Certificates and there may be limited liquidity for Certificateholders

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. The liquidity of any market for the Certificates that may develop depends on a number of factors, including:

- the method of calculating the dissolution and periodic distribution amounts in respect of the Certificates of the relevant Series;
- the time remaining to the maturity of the Certificates of the relevant Series;
- the outstanding amount of the Certificates of the relevant Series;
- the redemption features of the Certificates of the relevant Series; and
- the level, direction and volatility of market interest or profit rates generally.

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. A lack of liquidity may have a material and adverse effect on the market value of Certificates.

Admission to listing and trading on Nasdaq Dubai cannot be assured

Application has been made to the DFSA for Certificates issued under the Program to be admitted to the DFSA Official List and to Nasdaq Dubai for such Certificates to be admitted to 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 may be subject to exchange rate risk and exchange controls

The Trustee will pay Periodic Distribution Amounts and Dissolution Distribution Amounts on the Certificates in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee and the Obligor do not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. However, fluctuations between currencies in the past are not necessarily indicative of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency 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 well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Distribution Amounts on a Certificate. As a result, investors may receive lower amounts under the Certificates than expected, or no

such amounts. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Certificates. There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant.

In general, European (including United Kingdom) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-United Kingdom credit rating agencies, unless the relevant credit ratings are endorsed by a EU or United Kingdom registered credit rating agency or the relevant non-EU or non-United Kingdom rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Certificates changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Certificates may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Certificates which may impact the value of the Certificates and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Limited information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

A change of law may materially adversely affect the Certificates

The Conditions and the Transaction Documents are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of any Certificates nor whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of the Obligor to comply with its obligations under the Transaction Documents.

RISKS RELATING TO ENFORCEMENT

There may be limitations on the enforcement of arbitral awards and foreign judgments against the Obligor

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

The Obligor is incorporated in, and under the laws issued by, the DIFC. As a result, prospective investors may have difficulty effecting service of process in the United Kingdom or the United States upon the Obligor in connection with any lawsuits related to the Certificates and there may be restrictions on enforcing foreign judgments and, to a lesser extent, foreign arbitration awards against the Obligor in the DIFC.

Limitations on the enforcement of arbitration awards

The Obligor has irrevocably agreed that each Transaction Document to which it is a party and the Certificates will be governed by English law and that any dispute arising from such Transaction Documents will, unless the option to litigate is exercised, be referred to arbitration under the LCIA Rules. The seat of such arbitration shall be London, England.

Article 13(2) of DIFC Law No. 10 of 2005 (as amended and restated) (the "**Application Law**") provides that any express submission to arbitration in a contract shall be effective (subject to, in practice, certain exceptions such as the arbitration agreement being null and void). Article 24 of DIFC Law No. 10 of 2004 (the "**DIFC Court Law**") provides that, pursuant to Article 7 of Dubai Law No. 12 of 2004 (as amended) (Law of the Judicial Authority at the DIFC) (the "**Judicial Authority Law**"), the DIFC Court of First Instance has jurisdiction to ratify any judgment, order or award of any recognized: (i) foreign court; (ii) courts of the Emirate of Dubai or UAE courts; (iii) DIFC or foreign (including the UAE) arbitral award or any award recognized by the DIFC Court Law; or (iv) orders for the purposes of any subsequent application for enforcement in the Dubai courts in the manner prescribed in DIFC law.

Article 24(2) of the DIFC Court Law provides that where the UAE has entered into an applicable treaty for the mutual enforcement of judgments, orders or awards, the DIFC Court of First Instance will comply with the terms of such a treaty. The UAE is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). The DIFC Court of First Instance should therefore recognize a foreign arbitral award if it complies with the requirements of the New York Convention subject to the exceptions to the New York Convention and the applicable grounds under DIFC law.

Accordingly, it is therefore expected that the validity of an agreement to submit to arbitration in the circumstances set out in the Transaction Documents and the Certificates would be recognized by the DIFC Courts and the DIFC Courts would, on the application of a party to such arbitration agreement, stay proceedings in the DIFC Courts brought in contravention of the arbitration agreement. However, recognition of an arbitral award, irrespective of the state or jurisdiction in which it was made, may be refused by the DIFC Courts on the grounds set out in Article 44(1)(a) and Article 44(1)(b) of DIFC Law No. 1 of 2008 (as amended).

Limitations on the enforcement of foreign judgments

Pursuant to an option to litigate given to certain parties, the Obligor has agreed to submit to the jurisdiction of the DIFC Courts or the courts of England (the "**English Courts**") in respect of any dispute arising out of or in connection with the Transaction Documents.

Article 13(1) of the Application Law provides that any express submission in a contract to the courts of a jurisdiction shall be effective, subject to, in practice, certain exceptions (such as any argument of inconvenient forum being successfully raised). Investors should however note that Article 5A(1) of the Judicial Authority Law provides that the DIFC Court of First Instance will have exclusive jurisdiction over certain matters (such as civil, commercial or labor actions and claims to which the DIFC or any of the DIFC's bodies, any of the DIFC establishments or any of the licensed DIFC establishments, are party).

As stated above, pursuant to Article 24 of the DIFC Court Law, the DIFC Court of First Instance has jurisdiction to ratify, inter alia, a judgment, order or award of any recognized "foreign court". Whilst there is no clear guidance on what is a "recognized foreign court", the Chief Justice of the DIFC Courts and the Judge in Charge of the U.K. Commercial Court of the Queen's Bench Division, England and Wales (the "**Commercial Court**") have entered into a Memorandum of Guidance (the "**Memorandum of Guidance**") setting out the parties' understanding of the procedures for the enforcement of each party's money judgments in the other party's courts. The Memorandum of Guidance is expressed to have no binding legal effect and does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC Courts when considering whether to enforce monetary judgments issued by the Commercial Court. The Memorandum of Guidance includes a list of requirements for enforcing a Commercial Court judgment in the DIFC Courts and a non-exhaustive list of grounds upon which the enforcement of such judgments may be challenged in the DIFC Courts. In theory, therefore, an English Court judgment could be enforced within the DIFC against the Obligor. However, this is relatively untested and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC Court will ratify and enforce an English Court judgment.

General limitations

A number of provisions of DIFC law are, at this stage, relatively untested. Consequently, it is not clear how such laws and regulations will be interpreted and implemented by the DIFC Courts. Moreover, the Transaction Documents may not be enforced in all circumstances in accordance with their terms. For

instance, claims may become time-barred or become subject to a counterclaim. These factors create greater judicial uncertainty.

INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the DFSA and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the unaudited condensed consolidated interim financial statements of the Obligor as at and for the nine month period ended 30 September 2020, including the independent auditors' review report thereon and notes thereto, an electronic copy of which is available at:

<https://dubai.aerospace.com/wp-content/uploads/2020/11/DAE-Results-for-the-nine-month-period-ended-30-September-2020.pdf>;

2. the audited consolidated financial statements of the Obligor as at and for the year ended 31 December 2019, including the independent auditors' report thereon and notes thereto, an electronic copy of which is available at:

<https://dubai.aerospace.com/wp-content/uploads/2020/02/DAE-Results-for-the-year-ended-31-December-2019.pdf>; and

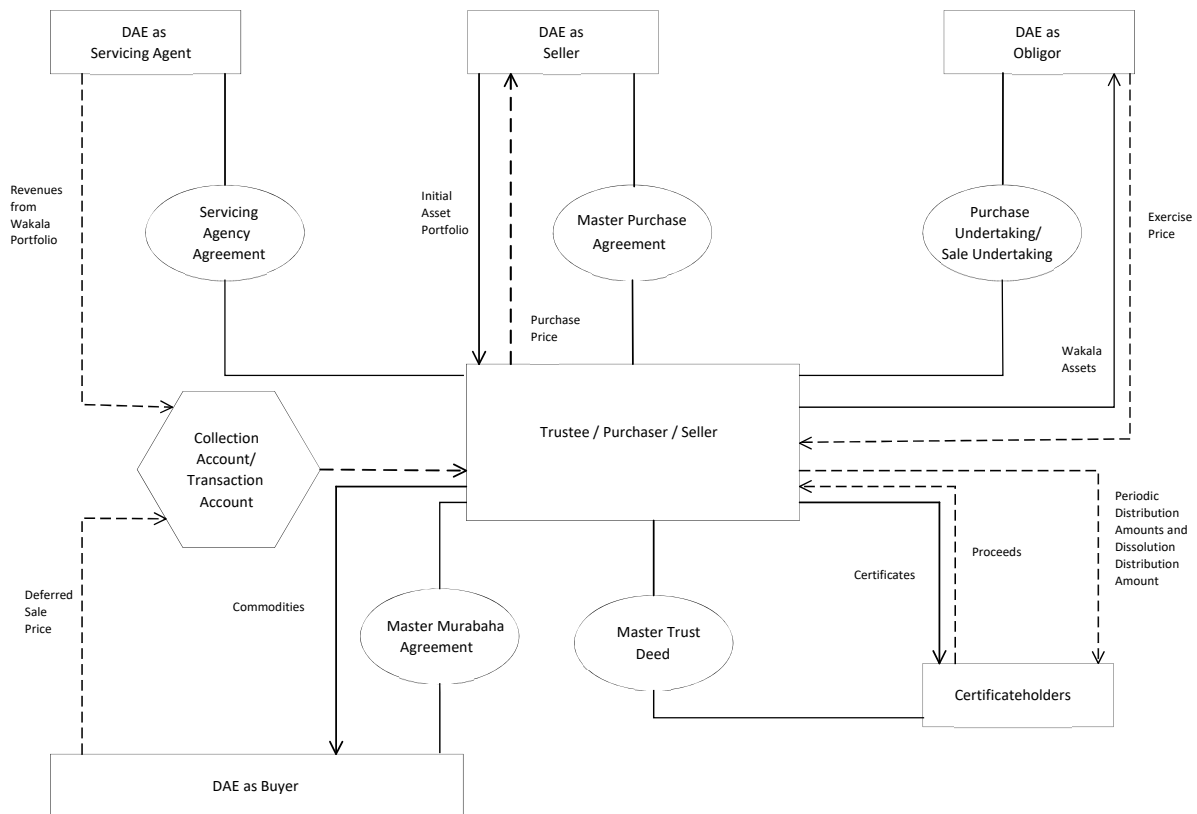
3. the audited consolidated financial statements of the Obligor as at and for the year ended 31 December 2018, including the independent auditors' report thereon and notes thereto, an electronic copy of which is available at:

<https://dubai.aerospace.com/wp-content/uploads/2019/02/DAE-Results-for-the-year-ended-31-December-2018.pdf>.

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is included elsewhere in this Base Prospectus.

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 Base Prospectus. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalized terms used below. Potential investors should read this entire Base Prospectus carefully, especially the risks of investing in Certificates issued under the Program discussed under "Risk Factors".



Principal Cashflows

Payments by the Certificateholders and the Trustee

On the date of issue of the relevant Certificates in respect of a Tranche (the "**Issue Date**"), the Trustee will use the issuance proceeds of the Certificates of that Tranche (the "**Proceeds**") to:

- (a) purchase from DAE the Aircraft Interests (as described below) (in the case of the first Tranche of the relevant Series, the "**Initial Asset Portfolio**" or, in the case of each subsequent Tranche of such Series, the "**Additional Asset Portfolio**") in consideration for a purchase price (the "**Purchase Price**") which shall not be less than 51 per cent. of the aggregate face amount of the relevant Certificates, pursuant to the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement; and
- (b) purchase from a supplier (through a commodity agent) certain *Shari'a* compliant commodities, with a cost price (the "**Commodity Purchase Price**") which shall not exceed 49 per cent. of the aggregate face amount of the relevant Certificates, and which the Trustee (in its capacity as seller, the "**Seller**") will on-sell to DAE (in its capacity as buyer, the "**Buyer**"), in consideration for a deferred sale price equal to the sum of: (i) the Commodity Purchase Price; and (ii) a profit amount (the "**Deferred Sale Price**") (the "**Murabaha Contract**"), pursuant to the Master Murabaha Agreement (such sale of *Shari'a* compliant commodities by the Seller to the Buyer, the "**Commodity Murabaha Investment**").

In relation to a Series, the Initial Asset Portfolio and the Additional Asset Portfolio (if applicable) together with each Commodity Murabaha Investment (if applicable) and all other rights under or with respect thereto (including the right to receive payment of profit, rental, Deferred Sale Price and any other amounts due in connection therewith) shall together comprise the "**Wakala Portfolio**", and the Aircraft Interests which form part of the Wakala Portfolio from time to time in accordance with the Transaction Documents, the "**Wakala Assets**" and each a "**Wakala Asset**").

"**Aircraft Interest**" means DAE's interest in a trust declared by a special purpose vehicle (whose shares are directly or indirectly wholly-owned by DAE) in favor of DAE over an aircraft (including the engines) which is owned (either directly or through an owner trust structure) by such special purpose vehicle and is the subject of a lease, and its rights and benefits in relation thereto (other than certain excluded rights under such lease).

The Trustee will appoint DAE as the servicing agent (the "**Servicing Agent**") to manage the Wakala Portfolio pursuant to the Servicing Agency Agreement.

Periodic Distribution Payments

The Servicing Agent will be obliged under the Servicing Agency Agreement to maintain two ledger accounts in relation to the relevant Series, a collection account (the "**Collection Account**") and a reserve account (the "**Reserve Account**"). All revenues in respect of any Wakala Asset and all installment payments of the profit amount component of the Deferred Sale Price payable pursuant to the terms of each Murabaha Contract (together the "**Wakala Portfolio Revenues**") will be credited to the Collection Account. On each Payment Business Day immediately preceding each Periodic Distribution Date (each such date being a "**Wakala Distribution Determination Date**"), the Servicing Agent shall pay into the relevant Transaction Account amounts standing to the credit of the Collection Account, which is intended to fund an amount equal to the aggregate of the Periodic Distribution Amount payable by the Trustee under the relevant Certificates on the immediately following Periodic Distribution Date (the "**Required Amount**") and such Required Amount will be applied by the Trustee for such purpose.

In the event that the Wakala Portfolio Revenues are greater than the Required Amount, the amount of any excess shall be credited by the Servicing Agent to the Reserve Account. If the amount standing to the credit of the Collection Account on the Wakala Distribution Determination Date is insufficient to fund the Required Amount, the Servicing Agent shall apply amounts standing to the credit of the Reserve Account towards such shortfall, by paying an amount equal to the same into the Transaction Account. If having applied such amounts from the Reserve Account, there remains a shortfall, 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, in an amount equal to the shortfall remaining (if any) on terms that such funding is repayable: (i) from Wakala Portfolio Revenues in accordance with the Servicing Agency Agreement; or (ii) on the relevant Dissolution Date (each a "**Liquidity Facility**").

Dissolution Distribution Payments for each Series

On the Payment Business Day immediately preceding the Scheduled Dissolution Date of the relevant Series:

- (a) the Trustee will have the right under the Purchase Undertaking to require the Obligor to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to the relevant Series at the Exercise Price; and
- (b) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Buyer under the Master Murabaha Agreement.

The Exercise Price payable by the Obligor to the Trustee, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

The Certificates of each Series may be redeemed, in whole or in part, as the case may be, prior to the Scheduled Dissolution Date of the relevant Series for the following reasons (in the case of each of (iii) and (iv), if so specified as being applicable in the applicable Final Terms):

- (i) redemption following a Dissolution Event;
- (ii) redemption for tax reasons;
- (iii) redemption upon the exercise of the Optional Dissolution Right;
- (iv) redemption upon the exercise of the Certificateholder Put Right or Change of Control Put Right;
- (v) redemption at the option of the Obligor for "clean-up" reasons (which shall be exercisable if 75 per cent. or more of the aggregate face amount of the Certificates of the relevant Series have been redeemed and/or purchased and cancelled); or
- (vi) redemption following a Total Loss Dissolution Event.

In the case of (i) and (iv), on the relevant Dissolution Date of the relevant Series, the Dissolution Distribution Amount payable by the Trustee on the relevant date for the redemption of the relevant Certificates will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date save that:

- (a) the Trustee will have the right under the Purchase Undertaking to require the Obligor to purchase all (or the applicable portion thereof, as the case may be) of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to the relevant Series at the Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price, as the case may be; and
- (b) the aggregate amounts (or the applicable portion thereof, as the case may be) of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Buyer under the Master Murabaha Agreement.

In the case of (ii), (iii) and (v) above, on the relevant Dissolution Date of the relevant Series:

- (a) the Obligor will have the right under the Sale Undertaking to require the Trustee to sell to the Obligor all (or an applicable portion thereof, as the case may be) of its rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to the relevant Series at the Exercise Price or the Optional Dissolution Exercise Price, as the case may be; and
- (b) the aggregate amounts (or the applicable portion thereof, as the case may be) of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Buyer under the Master Murabaha Agreement.

Such Exercise Price, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, is intended to fund the Dissolution Distribution Amount payable by the Trustee on the relevant date for the redemption of the relevant Certificates in full.

In the case of (vi) above, on the Total Loss Dissolution Date of the relevant Series:

- (a) the Trustee will have right under the Servicing Agency Agreement to receive all proceeds of the insurances against a Total Loss Dissolution Event, including any Total Loss Shortfall Amount payable by the Servicing Agent; and
- (b) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Buyer under the Master Murabaha Agreement.

FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. The Certificates will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Global Certificates

Form of Certificates

The Certificates of each Series offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons outside the United States, will initially be represented by beneficial interests in a global certificate in registered form (an "**Unrestricted Global Certificate**"). See further "*Subscription and Sale and Transfer and Selling Restrictions*".

The Certificates of each Series offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to (i) QIBs who are also QPs, in each case acting for their own account or for the account of one or more QIBs who are also QPs, or (ii) Institutional Accredited Investors who are also QPs and who execute and deliver an IAI Investment Letter in which they agree to subscribe for the Certificates for their own account and not with a view to the distribution thereof. The Certificates of each Series sold to QIBs who are also QPs in reliance on Rule 144A will initially be represented by a global certificate in registered form (a "**Restricted Global Certificate**", the Restricted Global Certificate and the Unrestricted Global Certificate, each a "**Global Certificate**"). By the acquisition of a beneficial interest in such certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Restricted Global Certificate.

No beneficial interest in an Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Restricted Global Certificate unless: (i) the transfer is to a person that is both a QIB and a QP, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides HSBC Bank USA, National Association (the "**U.S. Registrar**") with a written certification to the effect that the transferor reasonably believes that the transferee is a QIB that is also a QP, that the transfer is being made in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No beneficial interest in the Restricted Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in an Unrestricted Global Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the U.S. Registrar with a written certification to the effect that the transfer is being made to a person who is a non-U.S. person in accordance with Regulation S.

The Certificates of each Series offered and sold in the United States to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof ("**Definitive IAI Registered Certificates**"). Individual Certificates will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*". Institutional Accredited Investors that hold Individual Certificates may not elect to hold such Certificates through DTC, Euroclear, Clearstream, Luxembourg or NASDAQ Dubai CSD, but transferees acquiring such Certificates in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*". The Global Certificates and the Individual Certificates will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Global Certificates will either: (i) be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC; or (ii) be deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear, Clearstream, Luxembourg and/or DTC ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and/or DTC and their respective participants. Each person (other than the relevant clearing system) who is for the time being shown in such records as the holder of a particular face amount of Certificates (in which regard any certificate or other document issued by the relevant clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate.

Payments

Each payment in respect of the Global Certificates will be made to the person shown as the holder in the relevant Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificates are being held is open for business. None of the Trustee, the Obligor, the Delegate, the Principal Paying Agent, any Paying Agent or any Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Exchange for Individual Certificates

Interests in Global Certificates will be exchangeable (free of charge), in whole but not in part, for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) a Dissolution Event has occurred and is continuing; (ii) in the case of Certificates registered in the name of Cede & Co as nominee for DTC, either DTC has notified the Trustee that it is unwilling or unable to continue to act as depository for the Certificates or DTC has ceased to constitute a clearing agency registered under the Exchange Act and, in either case, no alternative clearing system is available; (iii) in the case of Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (iv) the Trustee has or will become subject to adverse tax consequences which would not be suffered were the Certificates represented by the Global Certificates in definitive form and a certificate to that effect signed by two Directors of the Trustee is given to the Delegate. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Certificates) may give notice to the relevant Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) and (iii) above, the Trustee may also give notice to the relevant Registrar requesting exchange. Any such exchange shall occur not later than ten (10) days after the date of receipt of the first relevant notice by such Registrar. Individual Certificates issued in exchange for a beneficial interest in the Restricted Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

Delivery

Upon the transfer, exchange, or replacement of a definitive Certificate bearing the legend referred to under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*", or upon specific request for removal of the legend on a definitive Certificate, the Trustee will deliver only definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee, that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. The same transfer restrictions outlined herein and in "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*" are applicable to any definitive Certificates.

Cancellation

Cancellation of any Certificate represented by a Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the aggregate face amount of the relevant Global Certificate in the relevant register of the Certificateholders, whereupon the face amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Put rights

If the Certificateholder Put Right or the Change of Control Put Right is specified as being applicable in the relevant Final Terms, the Certificateholder Put Right or the Change of Control Put Right, as the case may be, may be exercised by the holder of the Global Certificate giving notice to the relevant Registrar or the relevant 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 8.4 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) or Condition 8.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*), as the case may be.

Notices

So long as any Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the Certificateholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Certificateholders of that Series. Any such notice shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to the relevant clearing system as aforesaid. The Trustee shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which the Certificates are for the time being, or by which they have for the time being been, admitted to trading.

Transfer of Interests

Interests in a Global Certificates may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Certificate. No beneficial owner of an interest in a Global Certificates will be able to transfer such interest, except in accordance with the applicable procedures of DTC and/or Euroclear and/or Clearstream, Luxembourg, in each case to the extent applicable.

The Certificates are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

General

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Trustee, the Obligor and the Principal Paying Agent.

No Certificateholder shall be entitled to proceed directly against, or provide instructions to the Delegate to proceed against the Trustee, the Obligor under any Transaction Document to which either of them is party unless the Delegate, having become bound so to proceed, (i) fails so to do within a reasonable period or (ii) is unable by reason of an order of a court having competent jurisdiction, and such failure or inability is continuing. In addition, holders of interests in such Global Certificate credited to their accounts with DTC may require DTC to deliver definitive Certificate in registered form in exchange for their interest in such Global Certificate in accordance with DTC's standard operating procedures. 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 and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents.

The Trustee may agree with any Dealer that relevant Certificates may be issued in a form not contemplated by the Terms and Conditions of the Certificates in which event a new Base Prospectus, a drawdown prospectus or a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

APPLICABLE FINAL TERMS

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

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Certificates are ["prescribed capital markets products"/capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [•]

DAE Sukuk (DIFC) Ltd

Legal Entity Identifier (LEI): 635400AMGMPG1J5EQD94

**Issue of [Aggregate face amount of Series] [Title of Certificates]
under the U.S.\$2,500,000,000 Trust Certificate Issuance Program**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the Base Prospectus dated 16 November 2020 [and the supplement(s) to it dated [•]] ([together] the "**Base Prospectus**"). This document constitutes the Final Terms of the Certificates described herein and must be read in conjunction with the Base Prospectus. Full information on the Trustee, Dubai Aerospace Enterprise (DAE) Ltd and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus [and this Final Terms] [is][are] available for viewing during normal business hours from the specified office of the Principal Paying Agent at [•].]

[Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated [•]. These Final Terms contain the final terms of the Certificates and must be read in conjunction with the Base Prospectus dated [•] [and the supplement(s) to it dated [•]] ([together] the "**Base Prospectus**"), save in respect of the Conditions which are set forth in the base prospectus dated [•] and are incorporated by reference in the Base Prospectus. Full information on the Trustee, Dubai Aerospace Enterprise (DAE) Ltd and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus [and this Final Terms] [is][are] available for viewing during normal business hours from the specified office of the Principal Paying Agent at [•].]

1. Trustee: DAE Sukuk (DIFC) Ltd
2. Obligor and Servicing Agent: Dubai Aerospace Enterprise (DAE) Ltd ("**DAE**")
3. (a) Series Number: [•]
(b) Tranche Number: [•]/[Not Applicable]

- (c) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with [•] on [the Issue Date]/[the date that is 40 days after the Issue Date]/[Not Applicable]
4. Specified Currency or Currencies: [•]
5. Aggregate Face Amount of:
- (a) Series: [•]
- (b) Tranche: [•]/[Not Applicable]
6. Issue Price: [100]/[•] per cent. of the Aggregate Face Amount
7. (a) Specified Denominations: [•]
- (b) Calculation Amount: [•]
8. (a) Issue Date: [•]
- (b) Profit Commencement Date: [•]/[Issue Date]/[Not Applicable]
9. Scheduled Dissolution Date: [•]
10. Dissolution Basis: The Certificates will be redeemed at [100] per cent. of their aggregate face amount
11. Put/Call Options: [Not Applicable]
[Certificateholder Put Right]
[Optional Dissolution Right]
[Change of Control Put Right]
[Clean Up Call Right]
12. (a) Status: The Certificates are direct, unsecured and limited recourse obligations of the Trustee
- The payment obligations of DAE (in any capacity) under the Transaction Documents are direct, unsecured and unsubordinated obligations in the manner described in Condition 4.2 (*Status and Limited Recourse*)
- (b) Date of Trustee board approval for issuance of Certificates and entry into the related Transaction Documents obtained: [•]
- (c) Date of DAE board approval for entry into the related Transaction Documents to which it is a party obtained: [•]

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

13. Fixed Rate Certificate [Applicable]/[Not Applicable]
Provisions:
- (a) Profit Rate[(s)]: [•] per cent. per annum
 - (b) Periodic Distribution Date(s): [•] [and [•]] in each year up to and including the Scheduled Dissolution Date
 - (c) Fixed Amount(s): [•] per Calculation Amount
 - (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in]/[on] [•]]/[Not Applicable]
 - (e) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]
[30E/360]
[Eurobond Basis]
[30E/360 (ISDA)]
 - (f) Profit Rate Determination Date(s): [[•] in each year]/[Not Applicable]
14. Floating Rate Certificate [Applicable]/[Not Applicable]
Provisions:
- (a) Specified Period(s)/Specified Periodic Distribution Dates: [[•] [, [•] and [•]] in each year up to and including the Scheduled Dissolution Date]/[, [in each case] subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
 - (b) Business Day Convention: [Following Business Day Convention]/[Modified Following Business Day Convention]/[Modified Business Day Convention]/[Preceding Business Day Convention]/[FRN Convention]/[Floating Rate Convention]/[Eurodollar Convention]/[Not Applicable]
 - (c) Additional Business Center(s): [Not Applicable]/[•]
 - (d) Screen Rate Determination: [Applicable]/[Not Applicable]
 - (i) Reference Rate: [•] [*currency*][*number*] months(s)

[LIBOR/LIBID/LIMEAN/EURIBOR/KIBOR/HIBOR/SIBOR/AUD LIBOR/JPY LIBOR/CNH HIBOR/GBP LIBOR/CHF LIBOR/CAD LIBOR]

- (ii) Profit Rate Determination Date(s): [•]
- (iii) Relevant Screen Page: [•]
- (iv) Relevant Time: [•]
- (f) ISDA Determination: [Applicable]/[Not Applicable]
 - (i) Floating Rate Option: [•]
 - (ii) Designated Maturity: [•]
 - (iii) Reset Date: [•]
- (g) Linear Interpolation: [Not Applicable]/[Applicable] – [The Profit Rate for the [[long][short]][[first][last]] Return Accumulation Period shall be calculated using Linear Interpolation]
- (h) Margin(s): [•] per cent. per annum
- (i) Minimum Profit Rate: [[•] per cent. per annum]/[Not Applicable]
- (j) Maximum Profit Rate: [[•] per cent. per annum]/[Not Applicable]
- (k) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]
[30E/360]
[Eurobond Basis]
[30E/360 (ISDA)]
- (l) Calculation Agent (party responsible for calculating the Profit Rate(s) and/or Periodic Distribution Amount(s)): [Principal Paying Agent]/[•]

PROVISIONS RELATING TO DISSOLUTION

- 15. Optional Dissolution Right: [Applicable]/[Not Applicable]
 - (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[•] per Calculation Amount]

- (b) Optional Dissolution Date(s): [Any Periodic Distribution Date]/[•]
 - (c) If redeemable in part:
 - (i) Minimum Optional Dissolution Amount: [•]/[Not Applicable]
 - (ii) Maximum Optional Dissolution Amount: [•]/[Not Applicable]
16. Certificateholder Put Right: [Applicable]/[Not Applicable]
- (a) Certificateholder Put Right Date(s): [Any Periodic Distribution Date]/[•]
 - (b) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[•] per Calculation Amount]
17. Change of Control Put Right: [Applicable]/[Not Applicable]
- (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[•] per Calculation Amount]
18. Dissolution following a Tax Event:
- (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[•] per Calculation Amount]
19. Clean Up Call Right: [Applicable]/[Not Applicable]
- (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[•] per Calculation Amount]
20. Dissolution Distribution Amount on Scheduled Dissolution Date or following the occurrence of a Dissolution Event: [Dissolution Distribution Amount][[•] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

21. Form of Certificates: Registered Form Certificates
- [Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate]

[Definitive IAI Registered Certificates]

[Reg S Compliance Category [2]]; [Rule 144A]; TEFRA Not Applicable

22. Additional Financial Center(s) or other special provisions relating to payment dates: [Not Applicable]/[•]

PROVISIONS IN RESPECT OF THE TRUST ASSETS

23. Details of Transaction Account: Transaction Account No: [•] with [HSBC Bank plc] for Series No.: [•]

24. Other Transaction Document Information:

- (a) Supplemental Trust Deed: Supplemental Trust Deed dated [•] between the Trustee, DAE and the Delegate
- (b) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [•] between the Purchaser and DAE
- (c) Declaration of Commingling of Assets: [Declaration of Commingling of Assets dated [•] executed by the Trustee]/[Not Applicable]
- (d) [Notice of Request to Purchase and Offer Notice]: [Notice of Request to Purchase dated [•] from DAE to the Trustee and Offer Notice dated [•] from the Trustee to DAE]/[Not Applicable]
- (e) Tangible Asset Percentage: [•]
- (f) Murabaha Percentage: [•]

SIGNED on behalf of
DAE SUKUK (DIFC) LTD

By:
Duly authorized

SIGNED on behalf of
DUBAI AEROSPACE ENTERPRISE (DAE) LTD

By:
Duly authorized

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and admission to trading: [Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [specify relevant regulated market (for example, Nasdaq Dubai) and, if relevant, listing on an official list (for example, the Official List of the DFSA)] with effect from [•].] [Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [specify relevant regulated market (for example, Nasdaq Dubai) and, if relevant, listing on an official list (for example, the Official List of the DFSA)] with effect from [•].]

[Not Applicable]

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

2. RATINGS

[[•]][The Certificates to be issued are unrated.]

[[•] is established in the European Union] [and] [[•] is established in the United Kingdom]. [Each of] [•] [and [•]] is registered under Regulation (EC) No. 1060/2009 (as amended)].

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

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

4. USE OF PROCEEDS

[See "Use of Proceeds" in the Base Prospectus]/[•]

5. ESTIMATED NET PROCEEDS

[•]

6. [PROFIT OR RETURN

Indication of profit or return: [•] per cent. per annum

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

7. HISTORIC RATES

Details of historic [LIBOR/LIBID/LIMEAN/EURIBOR/KIBOR/HIBOR/SIBOR/AUD LIBOR/JPY LIBOR/CNH HIBOR/GBP LIBOR/CHF LIBOR/CAD LIBOR] rates can be obtained from [Reuters.]/[Not Applicable]

8. **OPERATIONAL INFORMATION**

- (a) ISIN: [•]
- (b) Common Code: [•]
- (c) CUSIP: [•]
- (d) FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
- (e) CFI: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
- (f) Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[•]
- (g) Delivery: Delivery [against]/[free of] payment
- (h) Names and addresses of additional Paying Agent(s) (if any): [•]/[Not Applicable]
- (i) Stabilization Manager(s): [•]/[Not Applicable]
- (j) Names of Manager[s]: [•]/[Not Applicable]

7. **THIRD PARTY INFORMATION**

[[•] has been extracted from [•]. The Trustee and DAE each confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, subject to completion and as modified in accordance with the provisions of the applicable Final Terms, will apply to each Global Certificate and the Certificates in definitive form (if any). The applicable Final Terms will be endorsed upon, or attached to, each Global Certificate and each Certificate in definitive form (if any). Reference should be made to the "applicable Final Terms" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Certificates.

1. Introduction

- 1.1 **Program:** DAE Sukuk (DIFC) Ltd (in its capacities as issuer and as trustee, the "**Trustee**"), has established a trust certificate issuance program (the "**Program**") for the issuance of trust certificates (the "**Certificates**"), from time to time representing obligations of Dubai Aerospace Enterprise (DAE) Ltd ("**DAE**" or the "**Obligor**"), in a maximum aggregate face amount of U.S.\$2,500,000,000 (or the equivalent in other currencies calculated as described in the program agreement between the Trustee, the Obligor and the Dealers (as defined and named therein) dated 16 November 2020 (the "**Program Agreement**")), or such other maximum aggregate face amount as increased in accordance with the terms of the Program Agreement.

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

In these Conditions, references to "**Certificates**" shall be references to the Certificates (whether in global form as a Restricted Global Certificate (as defined herein) and/or an Unrestricted Global Certificate (as defined herein), as the context may require (each a "**Global Certificate**") or in definitive form as definitive Certificates (each an "**Individual Certificate**")) which are the subject of the applicable Final Terms.

- 1.2 **Final Terms:** Certificates issued under the Program are issued in Series. Each Series is the subject of final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). Each Series may comprise one or more Tranches issued on different Issue Dates (as defined below). The terms and conditions applicable to any particular Series of Certificates are these Conditions as supplemented by the applicable Final Terms.
- 1.3 **Trust Deed:** The Certificates are constituted by a master trust deed dated 16 November 2020 between the Trustee, the Obligor and HSBC Corporate Trustee Company (UK) Limited in its capacity as donee of certain powers and as the Trustee's delegate (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under such master trust deed) (the "**Master Trust Deed**") as supplemented by a supplemental trust deed entered into on the date of issue of the relevant Certificates (the "**Issue Date**") in respect of the relevant Series (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**").
- 1.4 **Agency Agreement:** An agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 16 November 2020 has been entered into in relation to the Program between the Trustee, the Obligor, the Delegate, HSBC Bank plc as initial principal paying agent, transfer agent, exchange agent and calculation agent and the other agents named in it.
- 1.5 **Other Transaction Documents:** These Conditions are subject to the detailed provisions of the Trust Deed, the Agency Agreement and the other Transaction Documents (as defined below). The Certificateholders (as defined below) are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection, on prior notice, during normal business hours at the Specified Office of the Principal Paying Agent.

1.6 **Authorization:** Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate of a Series, shall be deemed to authorize and direct the Trustee, on behalf of the Certificateholders: (i) to apply the sums in accordance with the terms of the Transaction Documents; and (ii) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

2. **Definitions and Interpretation**

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

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

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

"Agents" means the Principal Paying Agent, the Calculation Agent, the Exchange Agent, the Registrars and the Transfer Agents or any of them and shall include such Agent or Agents as may be appointed from time to time under the Agency Agreement;

"Authorized Signatory" has the meaning given to it in the Master Trust Deed;

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

"Business Day" means:

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

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

"Calculation Agent" means, in relation to any Series of Certificates, the institution appointed as calculation agent for the purposes of such Certificates and named as such in the applicable Final Terms, HSBC Bank plc pursuant to the Agency Agreement or a Dealer appointed as such pursuant to the calculation agent provisions contained in clause 2.5 of the Program Agreement;

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

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

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

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

"Certificateholder Put Option Exercise Price" has the meaning given to it in the Purchase Undertaking;

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

"Certificateholder Put Right Date" means, in relation to any exercise of the Certificateholder Put Right, (i) in the case of Fixed Rate Certificates, any date, or the date(s) specified as such in the applicable Final Terms; and (ii) in the case of Floating Rate Certificates, any Periodic Distribution Date, or the Periodic Distribution Dates specified as such in the applicable Final Terms;

"Change of Control Event" shall occur each time the government of the Emirate of Dubai directly or indirectly ceases to own more than 50 per cent. of the issued share capital of DAE;

"Change of Control Exercise Notice" has the meaning given to it in Condition 8.5 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

"Change of Control Put Right Date" shall be the date which is 10 Business Days after the expiry of the Change of Control Put Period;

"Change of Control Put Event Notice" has the meaning given to it in Condition 8.5 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

"Change of Control Put Period" has the meaning given to it in Condition 8.5 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

"Change of Control Put Right" means the right exercisable by Certificateholders pursuant to Condition 8.5 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

"Clean Up Call Right" has the meaning given to it in the Condition 8.7 (*Dissolution at the Option of the Obligor (Clean Up Call Right)*);

"Clean Up Call Right Dissolution Date" has the meaning given to it in the Condition 8.7 (*Dissolution at the Option of the Obligor (Clean Up Call Right)*);

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

"Corporate Services Agreement" means the amended and restated corporate services agreement dated 15 November 2020 between the Trustee and the Corporate Service Provider;

"Corporate Service Provider" means Maples Fund Services (Middle East) Limited;

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

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and
 - (ii) where the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year,

where:

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

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

- (b) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of: (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (f) if **"30E/360"** or **"Eurobond Basis"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (g) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

"Deferred Sale Price" has the meaning given to it in the Master Murabaha Agreement;

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

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

"Dispute" has the meaning given to it in Condition 22.2 (*Governing Law and Dispute Resolution – Option to litigate*);

"Dissolution Date" means, in relation to a particular Series, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;

- (d) any Certificateholder Put Right Date;
- (e) any Change of Control Put Right Date;
- (f) any Clean Up Call Right Dissolution Date;
- (g) any Dissolution Event Redemption Date;
- (h) any Total Loss Dissolution Date; or
- (i) such other date as specified in the applicable Final Terms for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

"Dissolution Distribution Amount" means, in relation to each Certificate to be redeemed on the relevant Dissolution Date:

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

"Dissolution Event" means a Trustee Event or an Obligor Event;

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

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

"DTC" means The Depository Trust Company;

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

"Euro Registrar" means, in respect of each Series of Unrestricted Certificates, HSBC Bank plc or any successors thereto in each case as registrar under the Agency Agreement (or such other registrar as may be appointed from time to time either generally in relation to the Program or in relation to a specific Series of Unrestricted Certificates);

"Euroclear" means Euroclear Bank SA/NV;

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

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

"Expected Wakala Portfolio Return" has the meaning given to it in the Servicing Agency Agreement;

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

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

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

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

"Group" means the Obligor and its Subsidiaries (if any);

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

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

"Indebtedness" means any indebtedness (other than Non-recourse Indebtedness) of any Person for or in respect of:

- (a) moneys borrowed;
- (b) amounts raised by acceptance under any acceptance credit facility;
- (c) obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;
- (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (e) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days;
- (f) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (g) (to the extent not included above) any other financing arrangement intended to comply with the principles of *Shari'a*;

"Institutional Accredited Investors" means "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act of 1933, as amended) that are institutions;

"Insured Value Amount" has the meaning given to it in the Servicing Agency Agreement;

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

"Issue Date" has the meaning given to it in Condition 1.3 (*Trust Deed*);

"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;

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

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

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

"Master Murabaha Agreement" means the master murabaha agreement dated 16 November 2020 and made between the Trustee and the Obligor;

"Master Purchase Agreement" means the master purchase agreement dated 16 November 2020 between the Trustee and the Obligor;

"Material Subsidiary" means any Subsidiary whose revenues, profits or assets from time to time represent not less than 25 per cent. of the consolidated revenues, profits or assets of the Obligor from time to time as shown or as would be shown in the accounts or other financial statements of the Obligor;

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

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

"Murabaha Contract" has the meaning given to it in the Master Murabaha Agreement;

"Murabaha Profit" has the meaning given to it in the Master Murabaha Agreement;

"Murabaha Profit Installment" has the meaning given to it in the Master Murabaha Agreement;

"Non-recourse Indebtedness" means, with respect to any Person, any indebtedness of such Person or its Subsidiaries where the creditor of such indebtedness agreed to limit its recourse only to specific assets the purchase of which was financed or refinanced by such indebtedness and there is no recourse to the assets of such Person generally and that is neither guaranteed by any affiliate (other than a Subsidiary) of such Person or would become the obligation of any affiliate (other than a Subsidiary) of such Person upon a default thereunder, other than (i) customary exclusions contemplating personal liability for fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities, prohibited transfers, violations of single purpose entity covenants and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate guaranty or indemnification agreements in non-recourse financings, and (ii) the existence of a guarantee that does not constitute a guarantee of payment of principal, interest or premium on indebtedness;

"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 the Obligor and/or the relevant Material Subsidiary in connection therewith is limited solely to the assets of the project;
- (b) the persons providing such financing expressly agree to limit their 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 the Obligor and/or the relevant Material Subsidiary in respect of any default by any person under the financing subject to customary exclusions contemplating personal liability of an Obligor for fraud, misrepresentation, breach of special purpose entity covenants and other circumstances customarily excluded from provisions on limitation on recourse;

"Obligor Event" means, with respect to any Series, any of the following events (but in the case of the happening of any of the events described in paragraphs (b) and (h) below in this definition,

only if the Delegate shall have certified in writing to the Trustee and the Obligor that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders):

- (a) *Non-payment*: the Obligor (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 the Obligor (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;
- (b) *Breach of other obligations*: the Obligor (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations in 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 60 days after written notice of such failure shall have been given to the Obligor by the Trustee (or the Delegate) requiring the same to be remedied, except that a failure by the Obligor (acting in its capacity as Servicing Agent) to comply with its obligations set out in clause 3.1.5 and clause 3.1.17 of the Servicing Agency Agreement will not constitute an Obligor Event;
- (c) *Cross-default of Obligor or any Material Subsidiary*:
 - (i) any Indebtedness (other than any inter-Group indebtedness) of the Obligor is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness (other than any inter-Group indebtedness) of the Obligor becomes due and payable prior to its stated maturity by reason of default (however described) by the Obligor;
 - (iii) the Obligor fails to pay when due any amount payable by it under any Guarantee by the Obligor of any Indebtedness (other than any inter-Group indebtedness) within any originally applicable grace period; or
 - (iv) any of the matters referred to in sub-paragraphs (i) to (iii) (inclusive) above apply to a Material Subsidiary (rather than the Obligor itself) and the same remain unpaid or unsatisfied for a period of 14 days thereafter,provided that the amount of Indebtedness referred to in sub-paragraphs (i), (ii) and (iii) above, and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, either alone or when aggregated with all other relevant Indebtedness in respect of which one or more of the events described above shall have occurred and is continuing, exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies);
- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an amount which in the aggregate exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Obligor or any of its Material Subsidiaries and continue(s) unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment;
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed in respect of the whole or a substantial part of the undertaking, assets and revenues of the Obligor or any of its Material Subsidiaries which is not discharged, dismissed or withdrawn within 60 days;
- (f) *Insolvency, etc.*:
 - (i) the Obligor becomes (or is declared by a court of competent jurisdiction to be) insolvent or is unable to pay its debts as they fall due;

- (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Obligor is appointed (or application for any such appointment is made) and in any case (other than the appointment of an administrator) is not discharged within 60 days;
- (iii) the Obligor makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it (otherwise than, for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent);
- (iv) the Obligor ceases to carry on all or substantially the whole of its business (otherwise than, for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent);
- (v) if any event occurs which under the laws of the DIFC has an analogous effect to any of the events referred to in sub-paragraphs (i) to (iv) (inclusive) above (each such event in such paragraphs (i) to (v) being "**Insolvency Events**");
- (vi) any Insolvency Event happens or applies to any Material Subsidiary and such Insolvency Event is continuing for a period of 30 days thereafter;
- (g) *Winding-up, etc.*: an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Obligor or any of its Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent);
- (h) *Illegality*: it is or becomes unlawful for the Obligor to perform or comply with any one or more of its material obligations under any Transaction Document to which it is a party; or
- (i) *Repudiation*: the Obligor repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any of its obligations under any Transaction Document to which it is a party;

"**Optional Dissolution Date**" means, in relation to any exercise of the Optional Dissolution Right, (i) in the case of Fixed Rate Certificates, any date, or the date(s) specified as such in the applicable Final Terms; and (ii) in the case of Floating Rate Certificates, any Periodic Distribution Date, or the Periodic Distribution Dates specified as such in the applicable Final Terms;

"**Optional Dissolution Exercise Price**" has the meaning given to it in the Sale Undertaking;

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

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

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

"**Payment Business Day**" means:

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

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

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

"Permitted Security Interest" means:

- (a) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the relevant Series;
- (b) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Certificateholders;
- (c) any Security Interest securing the Relevant Indebtedness or Relevant Sukuk Obligation of a Person existing at the time that such Person is merged into, or consolidated with, the Obligor and/or the relevant Material Subsidiary, provided that such Security Interest does not extend to any other assets or property of the Obligor or, as the case may be, the relevant Material Subsidiary;
- (d) any Security Interest existing on any property or assets prior to the acquisition thereof by the Obligor and/or the relevant Material Subsidiary and not created in contemplation of such acquisition;
- (e) any Security Interest granted to secure a Non-recourse Project Financing or to secure any indebtedness incurred in connection with a Securitization by the Obligor and/or the relevant Material Subsidiary;
- (f) any Security Interest created by, or outstanding in respect of, the Obligor and/or the relevant Material Subsidiary, provided that the amount of any Relevant Indebtedness or Relevant Sukuk Obligation secured by such Security Interest (when aggregated with the amount (if any) of Relevant Indebtedness or Relevant Sukuk Obligation secured by other Security Interests created by, or outstanding in respect of, the Obligor and/or the relevant Material Subsidiary (but ignoring for these purposes any Relevant Indebtedness or Relevant Sukuk Obligation secured by any Security Interest under sub-paragraphs (a) to (e) above (inclusive) and paragraph (g) below)) does not exceed 10 per cent. of the consolidated total assets of the Obligor as shown in the accounts or financial statements; or
- (g) any renewal of or substitution for any Security Interest permitted by any of sub-paragraphs (a) to (f) (inclusive) of this definition, provided that with respect to any such Security Interest the amount of Relevant Indebtedness or Relevant Sukuk Obligation secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

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

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

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

"Principal Paying Agent" means HSBC Bank plc or any successor appointed as principal paying agent under the Program pursuant to the Agency Agreement in respect of each Series of Certificates in its capacities: as (i) principal paying agent for such Series; and (ii) the account bank with which the Transaction Account for each such Series is established;

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

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

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

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

"Purchase Undertaking" means the purchase undertaking dated 16 November 2020 executed by the Obligor in favor of the Trustee and the Delegate;

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

"Reference Banks" has the meaning given in the applicable Final Terms or, if none, four major banks selected by the Obligor in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the applicable Final Terms;

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

- (a) Euro-Zone interbank offered rate ("**EURIBOR**");
- (b) London interbank bid rate ("**LIBID**");
- (c) London interbank offered rate ("**LIBOR**");
- (d) London interbank mean rate ("**LIMEAN**");
- (e) Hong Kong interbank offered rate ("**HIBOR**");
- (f) Singapore interbank offered rate ("**SIBOR**");
- (g) Australian dollar LIBOR ("**AUD LIBOR**");
- (h) Japanese Yen LIBOR ("**JPY LIBOR**");
- (i) CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- (j) Tokyo interbank offered rate ("**TIBOR**");
- (k) British pound sterling LIBOR ("**GBP LIBOR**");
- (l) Swiss franc LIBOR ("**CHF LIBOR**"); and
- (m) Canadian dollar LIBOR ("**CAD LIBOR**");

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

"Registered Office Agreement" means the registered office and company secretarial services agreement dated 25 April 2018 (as amended) between the Trustee and the Corporate Service Provider;

"Registrars" means the Euro Registrar and the U.S. Registrar and **"Registrar"** means either of them;

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

"Relevant Indebtedness" means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock, certificates or other instruments which is, for the time being, quoted or listed (with the consent of the Obligor) or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, save for any Indebtedness which is directly or indirectly secured by any interest in aircraft or aircraft equipment;

"Relevant Jurisdictions" means the Dubai International Financial Centre (the **"DIFC"**), and any political subdivision or any authority thereof or therein having power to tax;

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

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

"Relevant Sukuk Obligation" means any Sukuk Obligation, where the trust certificates or instruments, as the case may be, concerned are, for the time being, quoted or listed (with the consent of the Obligor) or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, save for any Sukuk Obligation which is directly or indirectly secured by any interest in aircraft or aircraft equipment;

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

"Required Amount" has the meaning given to it in the Servicing Agency Agreement;

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

"Restricted Global Certificate" means a Global Certificate initially representing Certificates which are sold to QIBs who are also QPs in reliance on Rule 144A, in registered form;

"Return Accumulation Period" means the period beginning on (and including) the Profit Commencement 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;

"Sale Undertaking" means the sale undertaking dated 16 November 2020 and granted by the Trustee for the benefit of the Obligor;

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

"Securitization" means any securitization of existing or future assets and/or revenues, provided that:

- (a) any Security Interest given by the Obligor and/or the relevant Material Subsidiary in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitization;

- (b) each person participating in such securitization expressly agrees to limit its recourse to the assets and/or revenues so securitized as the sole source of repayment for the money advanced or payment of any other liability; and
- (c) there is no other recourse to the Obligor and/or the relevant Material Subsidiary in respect of any default by any person under the securitization;

"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 (other than any mortgage, charge, lien, pledge or other security interest or anything analogous to any of the foregoing arising only by operation of law rather than arising out of or in connection with any act or omission of the Obligor or a Material Subsidiary);

"Servicing Agency Agreement" means the Servicing Agency Agreement dated 16 November 2020 between the Trustee and the Servicing Agent;

"Servicing Agent" means Dubai Aerospace Enterprise (DAE) Ltd acting in its capacity as servicing agent under the Servicing Agency Agreement;

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

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

"specified office" has the meaning given in the Agency Agreement;

"Subsidiary" means in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**) 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;

"Sukuk Obligation" means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other instruments intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind;

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

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

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

"Total Loss Dissolution Event" has the meaning given to it in the Servicing Agency Agreement;

"Total Loss Dissolution Date" has the meaning given to it in Condition 8.6 (*Dissolution following a Total Loss Dissolution Event*);

"Total Loss Event Notice" has the meaning given to it in Condition 8.6 (*Dissolution following a Total Loss Dissolution Event*);

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

"Transaction Account" means, in relation to a particular Series, the non-interest bearing transaction account in London established by the Trustee and held with HSBC Bank plc denominated in the Specified Currency, details of which are set out in the applicable Final Terms into which, among other things, the Obligor will deposit all amounts due to the Trustee under the Transaction Documents;

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

- (a) the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed;

- (b) the Agency Agreement;
- (c) the Master Purchase Agreement as supplemented by the applicable supplemental purchase agreement;
- (d) the Servicing Agency Agreement;
- (e) the Sale Undertaking (together with each relevant sale agreement executed upon exercise of the Sale Undertaking);
- (f) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking); and
- (g) the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant to the Master Murabaha Agreement in connection with the relevant Series);

"**Transfer Agents**" means, in respect of each Series of Certificates, HSBC Bank plc, HSBC Bank USA, National Association or any successors thereto in each case as transfer agent under the Agency Agreement (and such further or other transfer agents as may be appointed from time to time either generally in relation to the Program or in relation to a specific Series);

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

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

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

- (a) *Non-payment*: the Trustee fails to pay any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or profit or otherwise) in respect of the Certificates on the due date for payment thereof and such failure has continued for a period of seven days in the case of any Dissolution Distribution Amount or 14 days in the case of any Periodic Distribution Amount; or
- (b) *Breach of other obligations*: the Trustee does not perform, comply with or observe any one or more of its covenants or other obligations in respect of the Conditions or any of the Transaction Documents, 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 60 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 60 days; or
- (d) *Insolvency*: the Trustee becomes (or is declared by a court of competent jurisdiction 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 shall apply or petition for a winding-up or administration order in respect of itself or 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, reorganization, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Certificateholders; or

- (f) *Authorizations*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order: (a) 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 a party; (b) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (c) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence is not taken, fulfilled or done;
- (g) *Illegality*: it is or becomes unlawful for the Trustee to perform or comply with any one or more of its material obligations under any of the Certificates or the Transaction Documents to which it is a party;
- (h) *Repudiation*: the Trustee repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any of its obligations under any Certificate or any Transaction Document to which it is a party;
- (i) *Analogous Events*: any event occurs which under the laws of the DIFC has an analogous effect to any of the events referred to in paragraphs (c) to (e) (inclusive) above.

"**Unrestricted Global Certificate**" means a Global Certificate initially representing Certificates offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons outside the United States, in registered form;

"**U.S. Registrar**" means, in respect of each Series of Restricted Certificates, HSBC Bank USA, National Association or any successors thereto in each case as registrar under the Agency Agreement (or such other registrar as may be appointed from time to time either generally in relation to the Program or in relation to a specific Series of Restricted Certificates);

"**Wakala Assets**" has the meaning given to it in the Servicing Agency Agreement; and

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

2.2 Interpretation

In these Conditions:

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

3. **Form, Denomination, Title and Transfer**

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

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

- 3.2 **Title to Certificates:** Upon issue, the Certificates (other than Individual Certificates issued to Institutional Accredited Investors) will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg (in the case of the Unrestricted Global Certificate) or deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC (in the case of a Restricted Global Certificate), as the case may be. For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear, Clearstream, Luxembourg and/or DTC ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and/or DTC and their respective participants. Each person (other than the relevant clearing system) who is for the time being shown in such records as the holder of a particular face amount of Certificates (in which regard any certificate or other document issued by the relevant clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Holder**" and "**Certificateholder**" in relation to any Certificates and related expressions shall be construed accordingly.

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

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

- 3.4 **Transfers of Certificates:**

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

- (a) **Transfers of beneficial interests in the Global Certificate:** Transfers of beneficial interests in the Global Certificate will be effected by Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all

applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

- (b) *Transfers of Certificates in definitive form:* Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer the Holder or Holders must: (i) surrender the Individual Certificate for registration of the transfer thereof (or the relevant part thereof) at the Specified Office of the relevant Registrar or the relevant Transfer Agent, with the form of transfer thereon duly executed by the Holder or Holders thereof or his or their attorney or attorneys duly authorized in writing; and (ii) complete and deposit such other evidence to prove the title of the transferor and the authority of the individuals who have executed the form of transfer as may be reasonably required by the relevant Registrar or (as the case may be) the relevant Transfer Agent. Any such transfer will be subject to such reasonable regulations as the Trustee, the Obligor, the Delegate and the relevant Registrar may from time to time prescribe.

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

- 3.5 *Exercise of Options or Partial Dissolution in Respect of Certificates:* In the case of an exercise of the Trustee's, the Obligor's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the relevant Registrar will update the entries on the Register accordingly and, in the case of Individual Certificates, new Individual Certificates shall be issued to the Holders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the relevant Registrar or the relevant Transfer Agent.
- 3.6 *No Charge:* The transfer of a Certificate, exercise of an option or partial dissolution will be effected without charge by or on behalf of the Trustee, the Obligor or the relevant Registrar or the relevant Transfer Agent but against such indemnity as such Registrar or (as the case may be) the relevant Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured first class mail (airmail if overseas).
- 3.7 *Closed Periods:* Certificateholders may not require transfers to be registered:
- (a) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of the relevant Certificates falls due;
- (b) during the period of 15 days ending on (and including) any date on which the relevant Certificates may be called for redemption by the Trustee or the Obligor at its option pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*), Condition 8.3

(*Dissolution at the Option of the Obligor (Optional Dissolution Right)*); or Condition 8.7 (*Dissolution at the Option of the Obligor (Clean Up Call Right)*);

- (c) after a Certificateholder Put Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.4 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*) or, as the case may be, after a Change of Control Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.5 (*Dissolution at the Option of Certificateholders (Change of Control Put Right)*).

3.8 **Regulations Concerning Transfers and Registration:** All transfers of Certificates and entries on the relevant Register are subject to the detailed regulations concerning the transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the relevant Registrar and the Delegate or by the relevant Registrar with the prior written approval of the Delegate. A copy of the current regulations will be mailed (free of charge to the Certificateholder by uninsured first class mail (airmail if overseas)) by the relevant Registrar to any Certificateholder who requests in writing a copy of such regulations.

4. Status and Limited Recourse

4.1 **Status:** The Certificates represent an undivided ownership interest in the relevant Trust Assets and are direct, unsecured and limited recourse obligations of the Trustee. Each Certificate shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application, at all times rank *pari passu* and without any preference or priority with all other Certificates of the relevant Series.

The payment obligations of the Obligor (acting in any capacity) under the relevant Transaction Documents are direct, unconditional, unsubordinated and subject to the provisions of Condition 6.2 (*Negative Pledge*) obligations of the Obligor which and shall at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4.2 **Limited Recourse:** Save as provided in this Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor (acting in any capacity), any of the Agents or any of their respective affiliates. The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realization of, or enforcement with respect to, the relevant 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:

- (a) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any shareholders, directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets. The Certificateholders further acknowledge and agree that no recourse shall be had for the payment of any amount due and payable hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;
- (b) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets or any part thereof (save as permitted pursuant to the Transaction Documents) to a third party, and may only realize its interests, rights, title, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;
- (c) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or the Delegate or the Agents or any of their respective

directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise and any unsatisfied claims of the Certificateholders shall be extinguished;

- (d) no Certificateholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganization, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee or the Delegate in their capacity as such. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the shareholders, officers, employees, agents, directors or corporate services provider of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party's willful default or actual fraud. Reference in this Condition 4.2 to willful 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
- (f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificates. No collateral is or will be given for the payment obligations of the Trustee under the Certificates (without prejudice to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)).

Pursuant to the terms of the Transaction Documents, the Obligor 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 recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.2. Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5. **The Trust**

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

- (a) the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under, the Wakala Assets;
- (c) all of the Trustee's rights, title, interests, benefits and other entitlements, present and future, in, and to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Master Murabaha Agreement) (excluding: (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents to which it is a party; and (B) the covenant to the Trustee relating to the reimbursement of the fees and expenses incurred by the Trustee pursuant to clause 16.1 of the Master Trust Deed);

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

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

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

5.3 **Transaction Account:** The Trustee will establish a Transaction Account in London in respect of each Series prior to the Issue Date of the first Tranche of such Series. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Certificateholders into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

6. Covenants

6.1 **Trustee Covenants:** In addition to the Trustee's covenants contained in clause 10.3 (*Trustee Covenants*) of the Master Trust Deed, the Trustee covenants that for so long as any Certificates are outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as provided in the Transaction Documents;
- (b) secure any of its present or future indebtedness by any Security Interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (d) except as provided in Condition 16 (*Meetings of Certificateholders, Modification and Waiver*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (e) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;
- (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
 - (i) as contemplated, provided for or permitted in the Transaction Documents;
 - (ii) in connection with the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

6.2 ***Negative Pledge:***

The Obligor covenants that, for so long as any Certificate is outstanding, it will not, and will procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness or Relevant Sukuk Obligation, or any Guarantee of Relevant Indebtedness or Relevant Sukuk Obligation given by it, without: (i) at the same time or prior thereto securing equally and ratably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity); or (ii) providing such security for those obligations as shall be approved by an Extraordinary Resolution.

7. **Periodic Distribution Amounts**

7.1 ***Fixed Rate Certificates Provisions***

- (a) *Application:* This Condition 7.1 is applicable to the Certificates only if the Fixed Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.
- (b) *Periodic Distribution Dates:* Each Fixed Rate Certificate bears profit on its outstanding face amount from and including the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be a Fixed Amount, a Broken Amount or an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these

Conditions as a "**Periodic Distribution Amount**". Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account (which, for the avoidance of any doubt, include the Wakala Portfolio Revenues transferred by the Servicing Agent into the relevant Transaction Account as part of the Required Amount) and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).

7.2 **Floating Rate Certificate Provisions**

- (a) *Application*: This Condition 7.2 is applicable to the Certificates only if the Floating Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.
- (b) *Periodic Distribution Dates*: Each Floating Rate Certificate bears profit on its outstanding face amount from and including the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable per Calculation Amount shall be an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Specified Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).
- (c) *Profit Rate for Floating Rate Certificates*: The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined by Screen Rate Determination in accordance with paragraph (c) or ISDA Determination in accordance with paragraph (d) (as specified in the applicable Final Terms, as the case may be).
- (d) *Screen Rate Determination*: If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Profit Rate(s) is/are to be determined, the Profit Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the

Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Center of the Specified Currency selected by the Calculation Agent at approximately 11.00 a.m. (local time in the Principal Financial Center of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Profit Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Profit Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

- (e) *ISDA Determination:* If ISDA Determination is specified in the applicable Final Terms as the manner in which the Profit Rate(s) is/are to be determined, the Profit Rate applicable to the Certificates for each Return Accumulation Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Return Accumulation Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under a Swap Transaction (as defined in the ISDA Definitions) if the Calculation Agent were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either: (A) if the relevant Floating Rate Option is based on: (w) the London inter-bank offered rate ("**LIBOR**"); or (x) the Eurozone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Return Accumulation Period; or (B) in any other case, as specified in the applicable Final Terms.
- (f) *Maximum or Minimum Profit Rate:* If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then the Profit Rate shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Benchmark Replacement:* Notwithstanding any other provisions of this Condition 7.2, if the Trustee and the Obligor determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Profit Rate (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:
- (i) the Trustee and the Obligor shall use their reasonable endeavors to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Profit Rate Determination Date relating to the next succeeding Return Accumulation Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, if applicable, an Adjustment Spread for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;
 - (ii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the

Reference Rate for each of the future Return Accumulation Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 7.2(g));

- (iii) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be); and
- (iv) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 7.2(g) and the Independent Adviser (following consultation with the Obligor) determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Obligor and subject to delivery of a notice in accordance with Condition 7.2(g)(v): (x) the Trustee, the Obligor, the Delegate and the Agents shall (at the expense of the Obligor), without a requirement for the consent or approval of Certificateholders, vary these Conditions, the Trust Deed, the Agency Agreement and/or any other Transaction Document to give effect to such Benchmark Amendments with effect from the date specified in such notice, provided that neither the Delegate nor any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. Prior to any such Benchmark Amendments taking effect:
 - (A) the Trustee shall provide a certificate signed by a director or a duly Authorized Signatory of the Trustee to the Delegate and the Principal Paying Agent; and
 - (B) the Obligor shall provide a certificate signed by a duly Authorized Signatory of the Obligor to the Trustee, the Delegate and the Principal Paying Agent,

certifying that such Benchmark Amendments are: (x) in the Trustee's or the Obligor's (as the case may be) reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 7.2; and (y) in each case, have been drafted solely to such effect, and the Trustee, the Delegate and the Principal Paying Agent (as the case may be) shall be entitled to rely on such certificates without further enquiry or liability to any person.

For the avoidance of doubt, neither the Delegate nor any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be prejudicial to the interests of any such Certificateholders or person;

- (v) the Trustee (failing which, the Obligor) shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Delegate, the Agents and, in accordance with Condition 18 (*Notices*), the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any);

- (vi) if, following the occurrence of a Benchmark Event and in relation to the determination of the Reference Rate on the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to the above provisions, then the Reference Rate shall be determined as at the last preceding Profit Rate Determination Date or, if there has not been a first Periodic Distribution Date, the Reference Rate shall be determined as for the first Return Accumulation Period (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period). For the avoidance of doubt, this Condition 7.2(g)(vi) shall apply to the relevant immediately following Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 7.2(g); and
- (vii) the Independent Adviser appointed pursuant to this Condition 7.2(g) shall act and make all determinations pursuant to this Condition 7.2(g) in good faith and in a commercially reasonable manner and the Independent Adviser shall act as an expert. In the absence of bad faith, willful default or fraud, the Independent Adviser shall not have any liability whatsoever to the Delegate, the Agents or the Certificateholders in connection with any determination made by it pursuant to this Condition 7.2(g).

For the purposes of this Condition 7.2(g):

"Adjustment Spread" means either (i) a spread (which may be positive, negative or zero), or (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Obligor) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or
- (C) (if the Independent Adviser (following consultation with the Obligor) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Obligor) determines is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (D) (if the Independent Adviser (following consultation with the Obligor) determines that there is no such industry standard) the Independent Adviser (following consultation with the Obligor) determines (acting in good faith and in a commercially reasonable manner) in its sole discretion to be appropriate;

"Alternative Reference Rate" means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Obligor) determines, in accordance with this Condition 7.2(g), is customarily applied in international debt capital markets transactions for the purposes of determining interest or profit rates (or the relevant component part thereof) in the same Specified Currency as the Certificates and of a comparable duration to the relevant Return

Accumulation Period or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate;

"Benchmark Event" means:

- (A) the relevant Reference Rate ceasing to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered;
- (B) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date (a **"Specified Future Date"**), cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate);
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that the relevant Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued;
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will, by a Specified Future Date, be prohibited from being used either generally, or in respect of the Certificates;
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (F) it has, or will by a specified date within the following six months, become unlawful for the Trustee, the Obligor or any Agent to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate,

provided that, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C) or (D) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

"Financial Stability Board" means the organization established by the Group of Twenty (G20) in April 2009;

"Independent Adviser" means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Trustee and the Obligor at the Obligor's expense;

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

"Successor Rate" means the rate that the Independent Adviser (in consultation with the Obligor) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

- 7.3 ***Calculation of Periodic Distribution Amount:*** The Periodic Distribution Amount payable per Calculation Amount will be calculated by the Calculation Agent by applying the Profit Rate for such Return Accumulation Period to the Calculation Amount, multiplying the product by the

relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of an Individual Certificate is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and in the case of euro, means one cent.

- 7.4 ***Determination and Publication of Profit Rates, Periodic Distribution Amounts and Dissolution Distribution Amounts:*** The Calculation Agent shall, as soon as practicable on or after each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Periodic Distribution Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Periodic Distribution Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Certificateholders, any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information and, if the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than: (i) the commencement of the relevant Return Accumulation Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Periodic Distribution Amount; or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7.6 (*Business Day Convention*), the Periodic Distribution Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Return Accumulation Period. If the Certificates become due and payable under Condition 12 (*Dissolution Events*), the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Periodic Distribution Amount so calculated need be made unless the Delegate otherwise requires. All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Trustee, the Obligor, the Delegate, the Agents and all Certificateholders and (in the absence of willful default, gross negligence or actual fraud) no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 7.
- 7.5 ***Cessation of Entitlement to Profit:*** Profit shall cease to accumulate in respect of each Certificate from and including (a) the relevant Dissolution Date (other than a Total Loss Dissolution Date) unless, upon due presentation, payment is improperly withheld or refused and no sale agreement has been executed pursuant to the Sale Undertaking or the Purchase Undertaking (as the case may be) relating to redemption of the relevant Certificates in full, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment if applicable) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date; and (b) the date on which a Total Loss Dissolution Event occurs. For the avoidance of any doubt, this Condition 7.5 does not impact the accumulation of any profit amounts that are payable pursuant to the terms of any Murabaha Contract.
- 7.6 ***Business Day Convention:*** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Final Terms is:
- (a) the "**Following Business Day Convention**", the relevant date shall be postponed to the first following day that is a Business Day;

- (b) the "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**", the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- (c) the "**Preceding Business Day Convention**", the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) the "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**", each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Return Accumulation Period after the calendar month in which the preceding such date occurred **provided, however, that**:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) "**No Adjustment**", the relevant date shall not be adjusted in accordance with any Business Day Convention.

7.7 **Calculation Agent:** The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Certificates are outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Periodic Distribution Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7.8 **Linear Interpolation:** Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Profit Rate for such Return Accumulation Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Linear Interpolation Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Linear Interpolation Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

8.1 ***Dissolution on the Scheduled Dissolution Date:*** Unless previously redeemed, purchased and cancelled, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount on the Scheduled Dissolution Date specified in the applicable Final Terms and following the payment of all such amounts in full, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership 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.

8.2 ***Early Dissolution for Taxation Reasons:*** The Certificates shall be redeemed by the Trustee in whole, but not in part, on any Periodic Distribution Date (if the Certificates are Floating Rate Certificates) or at any time (if the Certificates are Fixed Rate Certificates) (such dissolution date being an "**Early Tax Dissolution Date**"), on giving not less than 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:

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

(the events laid out in Condition 8.2(a) and (b) above each being a "**Tax Event**") **provided, however, that** no such notice of dissolution shall be given to Certificateholders:

- (A) unless a duly completed Exercise Notice has been received by the Trustee from the Obligor pursuant to the Sale Undertaking; and
- (B) where the Certificates may be redeemed at any time, earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, 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 the Obligor) then due; or
- (C) where the Certificates may be redeemed only on a Periodic Distribution Date, earlier than 60 days prior to the earliest date on which the Trustee or the Obligor, 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 the Obligor) then due.

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

- (1) a certificate signed by an Authorized Signatory of the Trustee (in the case of Condition 8.2(a)) or the Obligor (in the case of Condition 8.2(b)) stating that the Trustee is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Trustee so to redeem (as set out in Condition 8.2(a) and Condition 8.2(b), as the case may be) have occurred; and

- (2) an opinion of independent legal advisers or other professional advisers, in each case of recognized standing, to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

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

Upon expiry of any such notice given in accordance with this Condition 8.2, payment in full of the Dissolution Distribution Amount to Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership 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.

- 8.3 ***Dissolution at the Option of the Obligor (Optional Dissolution Right)***: If the Optional Dissolution Right is specified as being applicable in the applicable Final Terms, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days' irrevocable notice to the Certificateholders redeem all or, if so specified in the relevant Exercise Notice, some of the Certificates on any Optional Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Any such redemption or must, in the case of a partial redemption, relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed and no greater than the Maximum Optional Dissolution Amount to be redeemed.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8.3. If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8.3, upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership 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.

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

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

- 8.4 ***Dissolution at the Option of Certificateholders (Certificateholder Put Right)***: If the Certificateholder Put Right is specified as being applicable in the applicable Final Terms, the Trustee shall, at the option of the Holder of any Certificates, upon the Holder of such Certificates giving not less than 15 nor more than 30 days' notice to the Trustee, redeem such Certificates on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 8.4, upon payment in full of the Dissolution Distribution Amount to the Certificateholders and execution of a sale agreement pursuant to the Purchase Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership 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.

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

Any Certificateholder Put Exercise Notice given by a Holder of any Certificates pursuant to this Condition 8.4 shall be irrevocable except where, prior to the due date for redemption in accordance with this Condition 8.4, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Certificateholder Put Exercise Notice shall be deemed void.

- 8.5 ***Dissolution at the Option of Certificateholders (Change of Control Put Right)***: The Trustee, upon receipt of notice from the Obligor or otherwise upon having actual knowledge or express notice of the occurrence of a Change of Control Event, shall promptly give notice (a "**Change of Control Put Event Notice**") of the occurrence of a Change of Control Event to the Delegate and the Certificateholders in accordance with these Conditions, provided the Change of Control Put Right is specified as being applicable in the applicable Final Terms. The Change of Control Put Event Notice shall provide a description of the Change of Control Event and shall specify the "**Change of Control Put Period**" which shall be the period commencing on (and including) the date on which the Change of Control Put Event Notice is given and ending on (and including) the date which is 45 days after the date on which the Change of Control Put Event Notice is given.

If Change of Control Put Right is specified as being applicable in the applicable Final Terms and a Change of Control Event occurs, and **provided that** Certificateholders elect to redeem their Certificates, in whole or in part, during the Change of Control Put Period in accordance with this Condition 8.5, the Trustee shall redeem such Certificates on the Change of Control Put Right Date at their Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Change of Control Put Right Date in accordance with this Condition 8.5, upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership 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.

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

Any Change of Control Exercise Notice by a Holder of any Certificates pursuant to this Condition 8.5 shall be irrevocable except where, prior to the due date for redemption in accordance with this Condition 8.5, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Change of Control Exercise Notice shall be deemed void.

- 8.6 ***Dissolution following a Total Loss Event***: The Trustee, upon receipt of notice from the Obligor or otherwise upon having actual knowledge or express notice of the occurrence of a Total Loss Dissolution Event, shall redeem all of the Certificates by no later than the close of business in London on the day falling immediately after the occurrence of the expiry of the six month period following the Total Loss Dissolution Event (a "**Total Loss Dissolution Date**"). Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the

Trustee, the Certificates shall cease to represent undivided ownership 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.

- 8.7 ***Dissolution at the Option of the Obligor (Clean Up Call Right)***: If the Clean Up Call Right is specified as being applicable in the applicable Final Terms and 75 per cent. or more of the aggregate face amount of the Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 8, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking. On receipt of such notice, the Trustee shall redeem the Certificates in whole but not in part, on the Trustee giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the date specified in such notice (the "**Clean Up Call Right Dissolution Date**")), at the Dissolution Distribution Amount. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust and 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.
- 8.8 ***Dissolution following a Dissolution Event***: Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date as more particularly described in Condition 12 (*Dissolution Events*).
- 8.9 ***Purchases***: The Obligor and each of its Subsidiaries may at any time purchase Certificates in the open market or otherwise and at any price and such Certificates may be held, resold or, at the option of the Obligor, surrendered to the relevant Registrar for cancellation.
- 8.10 ***Cancellation***: Subject to and in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and/or DTC, all Certificates which are redeemed will forthwith be cancelled. All Certificates purchased and surrendered for cancellation by or on behalf of the Obligor or any of its subsidiaries shall be cancelled by surrendering the Global Certificate or Individual Certificates representing such Certificates to the relevant Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8.10, and upon execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership 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. All Certificates cancelled pursuant to this Condition 8.10 shall be forwarded to the relevant Registrar and cannot be reissued or resold.
- 8.11 ***No other Dissolution***: The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12 (*Dissolution Events*). Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (*Dissolution Events*) (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.
9. **Payments**
- 9.1 ***Method of Payment***: Payments of any Dissolution Distribution Amount will only be made against surrender of the relevant Certificates at the specified office of any of the Paying Agents. Each Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the Holder shown on the relevant Register at the close of business on the relevant Record Date upon application by the Holder of such Certificates to the Specified Office of the relevant Registrar, the relevant Transfer Agent or any Paying Agent before the Record Date, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Center of that currency.

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

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

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

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

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

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

9.5 **Payments subject to Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of this Condition 9.5 and Condition 10 (*Taxation*) and (ii) any deduction or withholding required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or any law implementing such an intergovernmental agreement. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

10. **Taxation**

All payments in respect of the Certificates by or on behalf of the Trustee shall be made free and clear of, and without withholding, deduction or retention for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld, retained or assessed by or on behalf of the Relevant Jurisdiction, unless such withholding, deduction or retention is required by law or by the Relevant Jurisdiction's interpretation or administration thereof. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders after such withholding, deduction or retention of such amounts as would have been received by them had no such withholding, deduction or retention been required, except that no such additional amounts shall be payable in respect of any Certificates:

- (a) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Certificates by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the ownership or holding of, receipt of a payment on, or exercise of rights under the Certificates; or

- (b) where the relevant Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Certificates would have been entitled to such additional amounts on presenting or surrendering such Certificates for payment on the last day of such period of 30 days;
- (c) where such taxes or duties would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of the Certificate to make a declaration of non-residence, **provided that** at least 90 days prior to the first payment date with respect to which the Trustee applies this clause (c) the Trustee has notified the Paying Agent, in writing that the Holders of Certificates or beneficial owners will be required to provide such declaration of non-residence;
- (d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;
- (e) where such taxes or duties are not payable by way of withholding, deduction or retention;
or
- (f) in respect of any payment to a Holder of a Certificate that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Certificate, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Certificate would not have been entitled to the additional amounts had such beneficiary, settler, member or beneficial owner been the holder of such Certificate.

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

Notwithstanding anything to the contrary in these Conditions, the Trustee, a Paying Agent or any other person shall be permitted to withhold or deduct any amounts required by Sections 1471 to 1474 of the Code, as amended ("FATCA"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Trustee, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA or any intergovernmental agreement to implement FATCA and none of the Trustee, any paying agent or any other person shall be required to pay any additional amounts with respect to any such withholding or deduction imposed on or with respect to any Certificate.

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

Further, the Obligor has undertaken in the Master Trust Deed that, if the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 10, the Obligor will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to the Delegate as delegate of the Trustee (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by it in respect of the Certificates pursuant to this Condition 10 provided that every payment of additional amounts made to or to the account of the Principal Paying Agent in the manner provided in the Agency Agreement shall be in satisfaction *pro tanto* of the Obligor's undertaking to pay such additional amounts except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Certificateholders.

11. **Prescription**

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or

five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

12. **Dissolution Events**

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

- (a) the Delegate, upon receiving written notice thereof under the Trust Deed, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and
- (b) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a "**Dissolution Notice**") to the Trustee, the Obligor and the Certificateholders in accordance with Condition 18 (*Notices*) that the Certificateholders elect to declare the Certificates to be immediately due and payable at the Dissolution Distribution Amount. A Dissolution Notice may be given pursuant to this Condition 12.1(b) whether or not notice has been given to Certificateholders as provided in Condition 12.1(a).

Upon receipt of such Dissolution Notice, the Trustee shall: (x) deliver an Exercise Notice to the Obligor under the Purchase Undertaking and thereafter execute the relevant sale agreement for purchase of the Wakala Assets; and (y) notify the Obligor that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement. The Trustee (failing which the Delegate) shall use the proceeds thereof to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice, which may be the date of such notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.2 **Enforcement and Exercise of Rights:** Upon the occurrence of a Dissolution Event and following the delivery of a Dissolution Notice in accordance with Condition 12 (*Dissolution Events*), to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full on the Dissolution Event Redemption Date, the Delegate may, and shall if so requested in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Certificates or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, take one or more of the following steps:

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

13. **Realization of Trust Assets**

13.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or to realize the relevant Trust Assets or take any action or steps or proceedings against (as applicable) the Trustee and/or the Obligor under any Transaction Document to which either of the Trustee or the Obligor 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 relevant Series of Certificates and, in either case, only if it is indemnified and/or

secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, render itself liable or which it may, in its opinion, incur by so doing.

- 13.2 No Certificateholder shall be entitled to proceed directly against the Trustee or through the Trustee against the Obligor under the Certificates of any Series or any Transaction Document to which either of them is a party unless the Delegate, having become bound so to proceed, (i) fails to do so within a reasonable period or (ii) is unable to do so by reason of an order of a court having competent jurisdiction, and such failure or inability is continuing. In such an event, the Certificateholders shall be entitled, in accordance with the terms of the Trust Deed, to appoint a successor delegate and to give instructions to such successor delegate, or to the Trustee (acting through a successor delegate appointed by the Trustee), to enforce, on behalf of the Trustee and in the interests of the Certificateholders, the obligations of the Obligor under the Transaction Documents to which it is a party. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee, or the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.
- 13.3 Conditions 12.2 (*Enforcement and Exercise of Rights*), 13.1 and 13.2 are subject to this Condition 13.3. After enforcing or realizing the Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*) and the Trust Deed, the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) or any other person (including the Obligor (to the extent that it fulfils all of its obligations under the Transaction Documents)) to recover any further sums in respect of the Certificates of the relevant Series and the right to receive from the Trustee or the Delegate any such sums remaining unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14. **Replacement of Certificates**

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

15. **Agents**

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

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

- (a) the Trustee shall at all times maintain a principal agent, a registrar and a transfer agent;
- (b) if a Calculation Agent is specified in the applicable Final Terms, the Trustee shall at all times maintain a Calculation Agent; and

- (c) if and for so long as the Certificates are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Trustee shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

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

16. Meetings of Certificateholders, Modification and Waiver

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

- (a) amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts on the Certificates;
- (b) reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates;
- (c) to reduce the rate or rates of profit in respect of the Certificates or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Periodic Distribution Amount in respect of the Certificates (other than as provided for in these Conditions);
- (d) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Final Terms, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate;
- (e) vary any method of, or basis for, calculating the Dissolution Distribution Amount;
- (f) vary the currency of payment or denomination of the Certificates;
- (g) modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution;
- (h) modify or cancel the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be);
- (i) amend any of the Obligor's covenants included in the Conditions or in any of the Transaction Documents;
- (j) amend the order of application of monies set out in Condition 5.2 (*Application of Proceeds from Trust Assets*); or
- (k) amend this definition,

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

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

- 16.2 **Modification:** The Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (a) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, (i) of a formal, minor or technical nature or (ii) is made to correct a manifest error or (iii) is not materially prejudicial to the interests of the outstanding Certificateholders **provided that** such modification is, in the case of (iii), other than in respect of a Reserved Matter; or (b) without prejudice to its rights in respect of any subsequent breach, from time to time and at any time: (i) agree to any waiver or authorization of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents; or (ii) determine that any Dissolution Event shall not be treated as such, **provided that** such waiver, authorization or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is, in each case, other than in respect of a Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series. No such direction or request will affect a previous waiver, authorization or determination. Any such modification, authorization, determination or waiver shall be binding on all Certificateholders and, unless the Delegate agrees otherwise, such modification, waiver, authorization or determination shall be notified by the Trustee (or the Obligor on its behalf) to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable.

In addition, pursuant to Condition 7.2(g) (*Benchmark Replacement*), certain changes may be made to the profit calculation provisions of the Certificates without the consent of Certificateholders.

- 16.3 **Entitlement of the Delegate:** In connection with the exercise of its rights, powers, authorities and discretions (including but not limited to those referred to in this Condition 16) the Delegate shall have regard to the general interests of the Certificateholders of a Series as a class and shall not have regard to any interest arising from circumstances particular to individual Certificateholders of a Series (whatever their number) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, the Obligor or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders (except, in the case of the Trustee and the Obligor to the extent already provided for in Condition 10 (*Taxation*)).

17. **Delegate**

- 17.1 **Delegation of powers:** The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents, take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together the "**Delegation**" of the "**Relevant Powers**"), **provided that** no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation and **provided further that** in no circumstances will such Delegation result in the Delegate holding on trust or managing the relevant Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, trust, authority, rights or discretion to dissolve any of the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and

confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

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

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

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

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

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

So long as the Certificates are held by Euroclear, Clearstream, Luxembourg and/or DTC, notices to the Holders of Certificates of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing or publication as required by Condition 18.1.

19. **Rounding**

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

20. **Further Issues**

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

21. **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.

22. **Governing Law and Dispute Resolution**

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

- 22.2 ***Arbitration:*** Subject to Condition 22.3 (*Governing Law and Dispute Resolution – Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the relevant Trust Deed, the Agency Agreement or any other Transaction Document and 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**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 22. For these purposes:

- (a) the seat of arbitration shall be London, England;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the

chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. In the event that one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. In the event that the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(c) the language of the arbitration shall be English.

22.3 **Option to Litigate:** Notwithstanding Condition 23.2 (*Governing Law and Dispute Resolution – Arbitration*), the Delegate may, in the alternative, and at its sole discretion, by notice in writing to the Trustee or the Obligor in accordance with the Trust Deed:

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

(b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 23.4 (*Governing Law and Dispute Resolution – Effect of exercise of option to litigate*) and, subject as provided below, any arbitration commenced under Condition 23.2 (*Governing Law and Dispute Resolution – Arbitration*) in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Obligor), each of the parties to the terminated Dispute will bear its own costs in relation thereto.

22.4 **Effect of exercise of option to litigate:** In the event that a notice pursuant to Condition 23.3 (*Governing Law and Dispute Resolution – Option to litigate*) is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of the DIFC or England, at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and the Obligor submits to the exclusive jurisdiction of such courts;

(b) each of the Trustee and the Obligor agrees that the courts of the DIFC or England, as applicable, are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 23.4 is for the benefit of the Delegate only. As a result, and notwithstanding paragraphs (a) and (b) above, to the extent allowed by law, the Delegate may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

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

(a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment terminated;

(b) his entitlement to be paid his proper fees and disbursements; and

(c) the date when any claim or defense was raised for the purpose of applying any limitation bar or any similar rule or provision.

22.6 **Service of process:** Each of the Trustee and the Obligor irrevocably appoints Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom 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 or the Obligor, as the case may be). 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 the Obligor irrevocably agrees to appoint a substitute process agent, and shall immediately notify the other party of such appointment. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

22.7 ***Waiver of immunity:*** Under the Transaction Documents to which it is a party, the Obligor agrees that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any Proceedings or Disputes to the full extent permitted by the laws of such jurisdiction.

22.8 ***Waiver of interest:***

Each of the parties to the Transaction Documents agrees that the payment of interest conflicts with the rules and principles of *Shari'a* and accordingly, to the extent that any applicable law would impose (whether by contract, statute, regulation or by any other means whatsoever) any obligation to pay interest, each party to the Transaction Documents has irrevocably and unconditionally expressly waived any entitlement to claim or receive such interest.

For the avoidance of doubt, nothing in this Condition 22.8 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Dissolution Distribution Amounts, Required Amounts, Wakala Portfolio Revenues, Total Loss Shortfall Amount, Certificateholder Put Option Exercise Price, Change of Control Put Option Exercise Price, Optional Dissolution Exercise Price, Exercise Price, Insured Value Amount, Murabaha Profit Installments, Murabaha Profit, Deferred Sale Price or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions or any other document or agreement, howsoever such amounts may be described or re-characterized by any arbitrator or court.

USE OF PROCEEDS

The proceeds of each Tranche of Certificates issued under the Program will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents in the following proportion:

- (a) the Tangible Asset Percentage (as set out in the applicable Final Terms) of the aggregate face amount of the Certificates of such Tranche towards the purchase from the Obligor of all its rights, title, interests, benefits and entitlements in, to and under the Aircraft Interests relating to the relevant Initial Asset Portfolio or Additional Asset Portfolio, as the case may be; and
- (b) the Murabaha Percentage (as set out in the applicable Final Terms) of the aggregate face amount of the Certificates of such Tranche towards the purchase of *Shari'a* compliant commodities to be sold to the Obligor pursuant to the Master Murabaha Agreement.

The amounts subsequently received by the Obligor in consideration for the transactions entered into above with the Trustee, including with respect to the proceeds received from the on-sale of the commodities by the Obligor, will be applied by the Obligor for its general corporate purposes or as otherwise described in the applicable Final Terms.

CAPITALIZATION

The table below shows the Group's unrestricted cash and capitalization as at 30 September 2020 on an historical consolidated basis. The historical information has been derived from the Interim Financial Statements incorporated by reference in this Base Prospectus. Prospective investors should read this table in conjunction with "*Selected Financial Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements included elsewhere in this Base Prospectus.

	As at 30 September 2020
	<i>(U.S.\$ thousand)</i>
Unrestricted cash.....	480,918
Non-recourse obligations.....	157,895
Recourse obligations (including ECA, EXIM and EDC).....	2,575,717
Unsecured facilities (including term loans).....	1,258,484
Senior unsecured notes.....	2,221,623
Revolving credit facilities (drawn amount) ⁽¹⁾	1,357,603
Secured term loan.....	187,496
Total debt⁽²⁾	7,758,818
Total equity.....	2,919,219
Total capitalization⁽³⁾	10,678,037

Notes:

- (1) As at 30 September 2020, the Group had U.S.\$1,649 million of availability under its undrawn revolving credit facilities.
- (2) Total debt is presented gross of capitalized issuance and other costs.
- (3) Total capitalization comprises total debt and total equity.

SELECTED FINANCIAL INFORMATION

The following tables, which present the Group's summary historical financial information as at and for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019 and as at 30 September 2020 and for the nine-month periods ended 30 September 2019 and 30 September 2020 should be read in conjunction with the Financial Statements incorporated by reference in this Base Prospectus and should also be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations". All financial information as at and for the nine-month periods ended 30 September 2020 and 30 September 2019 is unaudited. See also "Presentation of Financial and Other Information" for a discussion of the sources of the numbers contained in this section

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below shows the Group's consolidated statement of financial position as at 30 September 2020 and as at 31 December in each of 2019, 2018 and 2017.

	As at 30 September	As at 31 December		
	2020	2019	2018	2017
	<i>(U.S.\$ thousand)</i>			
ASSETS				
Non-current assets				
Aircraft held for lease	11,050,411	11,309,997	11,708,173	12,050,320
Property, plant and equipment	106,396	110,023	91,924	47,378
Deposits for aircraft purchases	—	138,679	70,663	638,184
Intangible assets	5,130	6,276	7,760	9,799
Goodwill	44,668	44,668	44,668	45,821
Finance lease and loan receivables	173,382	91,825	106,735	204,391
Notes receivable	—	810,375	1,464,791	1,407,866
Other non-current assets	180,855	175,351	161,031	131,716
Investments	35,833	35,269	—	—
	11,596,675	12,722,463	13,655,745	14,535,475
Current assets				
Cash and cash equivalents	480,918	228,461	192,950	369,870
Restricted cash	103,970	137,525	215,802	354,179
Inventories	11,674	10,555	9,770	8,506
Derivative financial assets	—	1,884	16,530	10,778
Trade and other receivables	171,222	69,134	36,223	45,508
Prepayments	8,076	6,663	5,407	4,388
Finance lease and loan receivables	14,443	9,650	10,966	17,185
Current tax asset	2,271	20	—	—
Other current assets	99,766	57,315	40,671	26,713
Assets held for sale	—	293,385	521,104	11,202
	892,340	814,592	1,049,423	848,329
Total assets	12,489,015	13,537,055	14,705,168	15,383,804
EQUITY AND LIABILITIES				
EQUITY				
Authorized and issued share capital	1,927,770	1,927,770	1,927,770	1,927,770
Additional paid in capital	517,884	517,884	517,884	517,884
Treasury shares	(1,142,057)	(892,001)	(85,000)	(85,000)
Other reserves	(103,624)	(52,058)	(10,329)	506
Retained earnings	1,710,265	1,541,743	1,165,157	792,482
	2,910,238	3,043,338	3,515,482	3,153,642
Non-controlling interests	8,981	10,250	9,356	9,108
Net equity	2,919,219	3,053,588	3,524,838	3,162,750
LIABILITIES				
Non-current liabilities				
Loans and borrowings	7,163,285	7,196,201	8,144,726	8,936,227
Deferred tax liabilities	298,099	289,748	258,783	210,759
Maintenance reserves and security deposits	1,015,015	1,120,650	1,125,070	1,186,948
Lease liabilities	30,355	32,436	—	—

	As at 30 September	As at 31 December		
	2020	2019	2018	2017
		<i>(U.S.\$ thousand)</i>		
Deferred revenue	37,574	54,644	68,217	68,299
	8,544,328	8,693,679	9,596,796	10,402,233
Current liabilities				
Loans and borrowings	525,221	1,099,342	1,115,882	1,469,281
Trade and other payables	70,133	305,757	60,599	70,896
Derivative financial liabilities	102,122	44,837	13,370	3,296
Maintenance reserves and security deposits.....	269,132	211,104	199,332	175,035
Lease liabilities	3,562	3,312	—	—
Deferred revenue	55,298	65,458	71,834	96,866
Current tax liabilities	—	—	1,620	—
Liabilities held for sale	—	59,978	120,897	3,447
	1,025,468	1,789,788	1,583,534	1,818,821
Total liabilities	9,569,796	10,483,467	11,180,330	12,221,054
Total liabilities and equity	12,489,015	13,537,055	14,705,168	15,383,804

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below shows the Group's consolidated statement of profit or loss and other comprehensive income for each of the nine-month periods ended 30 September 2020 and 30 September 2019.

	Nine months ended 30 September	
	2020	2019
	<i>(U.S.\$ thousand)</i>	
REVENUE		
Revenue	971,483	1,078,297
Other income	12,638	6,841
Total revenue	984,121	1,085,138
Gain on disposal of aircraft	9,893	32,262
EXPENSES		
Depreciation and amortization	(418,726)	(432,699)
General and administrative expenses	(57,262)	(60,507)
Cost of providing engineering maintenance services	(31,070)	(36,303)
Loss allowance for financial assets	(40,441)	(10,235)
Aircraft maintenance	(13,876)	(6,648)
Operating profit	432,639	571,008
Finance income	13,714	43,572
Finance expense	(267,597)	(328,603)
Net finance cost	(253,883)	(285,031)
Profit before income tax	178,756	285,977
Income tax expense	(11,503)	(25,442)
Profit for the period	167,253	260,535
Other comprehensive income		
<i>Items that may be reclassified to condensed consolidated interim statement of profit or loss:</i>		
Unrealized loss on interest rate hedges	(54,894)	(61,483)
Income tax relating to components of other comprehensive income	3,328	4,657
Total comprehensive income for the period	115,687	203,709
Profit for the period attributable to:		
Equity holders of DAE	168,522	260,542
Non-controlling interests	(1,269)	(7)
	167,253	260,535
Total comprehensive income for the period attributable to:		
Equity holders of DAE	116,956	203,716
Non-controlling interests	(1,269)	(7)
	115,687	203,709

The table below shows the Group's consolidated statement of profit or loss and other comprehensive income for each of 2019, 2018 and 2017.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<i>(U.S.\$ thousand)</i>		
Revenue.....	1,411,880	1,429,334	838,190
Other income.....	9,427	7,277	7,608
Total revenue	1,421,307	1,436,611	845,798
Gain/(loss) on disposal of aircraft.....	84,734	52,088	(14,933)
Expenses			
Depreciation and amortization.....	(572,915)	(563,763)	(307,106)
General and administrative expenses.....	(83,997)	(90,044)	(80,386)
Cost of providing engineering maintenance services.....	(52,352)	(44,408)	(34,383)
Aircraft maintenance.....	(10,951)	(6,549)	(17,987)
Asset impairment.....	—	—	(9,400)
Results from operating activities	785,826	783,935	381,603
Finance income.....	61,952	120,616	51,807
Finance expense.....	(434,225)	(475,725)	(250,974)
Net finance costs	(372,273)	(355,109)	(199,167)
Profit before income tax	413,553	428,826	182,436
Income tax expense	(36,073)	(55,903)	(9,843)
Profit for the year	377,480	372,923	172,593
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Unrealized (loss)/gain on interest rate hedges.....	(45,901)	(11,148)	1,751
Amounts reclassified to profit or loss.....	570	444	100
Income tax relating to components of other comprehensive income.....	3,602	(131)	—
Total comprehensive income for the year	335,751	362,088	174,444
Profit for the year attributable to:			
Equity holders of DAE.....	376,586	372,675	174,240
Non-controlling interests.....	894	248	(1,647)
	377,480	372,923	172,593
Total comprehensive income for the year attributable to:			
Equity holders of DAE.....	334,857	361,840	176,091
Non-controlling interests.....	894	248	(1,647)
	335,751	362,088	174,444

CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below summarizes the Group's consolidated statement of cash flows for each of the nine-month periods ended 30 September 2020 and 30 September 2019.

	Nine months ended 30 September	
	2020	2019
	<i>(U.S.\$ thousand)</i>	
Net cash generated from operating activities.....	602,736	1,004,589
Net cash generated from/(used in) investing activities.....	737,672	(222,989)
Net cash used in financing activities.....	(1,087,951)	(721,086)
Cash and cash equivalents at the beginning of the period.....	228,461	192,950
Cash and cash equivalents at the end of the period.....	480,918	253,464

The table below summarizes the Group's consolidated statement of cash flows for each of 2019, 2018 and 2017.

	2019	2018	2017
		<i>(U.S.\$ thousand)</i>	
Net cash generated from operating activities.....	1,298,173	1,310,371	888,600
Net cash generated from/(used in) investing activities.....	144,546	(202,840)	(2,721,202)
Net cash (used in)/generated from financing activities.....	(1,407,208)	(1,284,451)	1,722,309
Cash and cash equivalents at the beginning of the year.....	192,950	369,870	480,163
Cash and cash equivalents at the end of the year.....	228,461	192,950	369,870

CERTAIN RATIOS

The table below shows certain consolidated ratios for the Group for each of the nine-month periods ended 30 September 2020 and 30 September 2019 and for each of 2019, 2018 and 2017. Each of these ratios is an APM and is not an IFRS measure of performance. See "*Presentation of Financial and Other Information—Presentation of Financial Information—Certain non-IFRS financial information*".

	Nine months ended 30 September		Year ended 31 December		
	2020	2019	2019	2018	2017
	<i>(per cent., unless otherwise stated)</i>				
Pre-tax profit margin ⁽¹⁾	18.2	26.4	29.1	29.8	21.6
Pre-tax return on equity ⁽²⁾	8.0	11.1	12.6	13.7	7.5
Net debt/equity (<i>times</i>) ⁽³⁾	2.47	2.56	2.64	2.57	3.17
Total available liquidity (<i>U.S.\$ billion</i>) ⁽⁴⁾	2.1	1.8	2.4	1.6	0.8
Unsecured debt/total debt ⁽⁵⁾	62.4	57.1	61.6	46.0	22.5
Liquidity coverage ratio ⁽⁶⁾	440.8	181.9	224.4	254.7	80.8

Notes:

- (1) Calculated as profit before income tax divided by total revenue.
- (2) Calculated as profit before income tax (annualized in the case of interim periods) divided by average total equity, with average total equity calculated as the sum of the figures at the start and end of each period divided by two.
- (3) Calculated as net debt (being total loans and borrowings less cash and cash equivalents) divided by total equity.
- (4) Calculated as the sum of available revolving credit facilities (which amounted to U.S.\$1,649 million as at 30 September 2020, U.S.\$1,530 million as at 30 September 2019, U.S.\$2,175 million as at 31 December 2019, U.S.\$1,365 million as at 31 December 2018 and U.S.\$462 million as at 31 December 2017) and cash and cash equivalents.
- (5) Calculated as unsecured loans and borrowings (as set out in Note 14 to the Interim Financial Statements, Note 17 to the 2019 Financial Statements and Note 18 to the 2018 Financial Statements) divided by total loans and borrowings.
- (6) Calculated as total available liquidity divided by recourse debt payments, which amounted to U.S.\$483 million and U.S.\$980 million for the nine months ended 30 September 2020 and 2019, respectively, and U.S.\$1,071 million, U.S.\$612 million and U.S.\$965 million for the years ended 31 December 2019, 2018 and 2017, respectively.

ADJUSTED EBITDA

The table below shows the Group's consolidated adjusted EBITDA and a reconciliation of Adjusted EBITDA to profit for the period for each of the nine-month periods ended 30 September 2020 and 30 September 2019 and for each of 2019, 2018 and 2017. Adjusted EBITDA is an APM and is not an IFRS

measure of performance. See "Presentation of Financial and Other Information—Presentation of Financial Information—Certain non-IFRS financial information".

	Nine months ended 30 September		Year ended 31 December		
	2020	2019	2019	2018	2017
	<i>(U.S.\$ thousand)</i>				
Profit for the period/year	167,253	260,535	377,480	372,923	172,593
Net finance costs	253,883	285,031	372,273	355,109	199,167
Income tax expense	11,503	25,442	36,073	55,903	9,843
Depreciation and amortization	418,726	432,699	572,915	563,763	307,106
Loss allowance for financial assets	40,441	10,235	12,322	1,919	—
Impairment	—	—	—	—	9,400
Adjusted EBITDA	891,806	1,013,942	1,371,063	1,349,617	698,109

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations as measured in accordance with IFRS and other relevant measures should be read in conjunction with the Financial Statements. This disclosure is intended to assist readers in understanding and interpreting the Group's Financial Statements.

Except for historical information, the discussion in this section contains forward looking statements that involve risks and uncertainties, including, but not limited to, those described in "*Risk factors*". Future results could differ materially from those discussed below and results for any period within a year should not be assumed to be indicative of the likely results for the full year. See "*Cautionary statement concerning forward- looking statements*".

All financial information as at and for the nine-month periods ended 30 September 2020 and 30 September 2019 is unaudited. See also "*Presentation of financial and other information*" for a discussion relating to the factors which impact the comparability of information included in this section.

OVERVIEW

The Group is a global aerospace enterprise headquartered in Dubai. The Group conducts its activities through two divisions:

- aircraft leasing (DAE Capital), which is engaged in acquiring and leasing commercial aircraft to airlines, selling and trading aircraft, and managing aircraft on lease for third-party investors; and
- engineering (DAE Engineering), which comprises an 80 per cent. ownership stake in Joramco, a provider of commercial aircraft MRO services based in Amman in Jordan.

ICD, the investment arm of the Government of Dubai, owns directly and indirectly 100 per cent. of DAE. ICD also has direct and indirect majority ownership interests in other prominent aviation assets based in Dubai, including Emirates Airline, dnata, Dubai Duty Free and flydubai.

Aircraft leasing division (DAE Capital)

The Group is one of the largest aircraft leasing organizations in the world with a total fleet of 381 aircraft as at 30 September 2020. This was made up of 284 owned aircraft (including seven aircraft classified as finance lease and loan receivables) and 71 managed aircraft. In addition, the Group has commitments to purchase 26 aircraft from airlines, which are due to deliver during 2020 and 2021. The Group's aircraft are on lease to 111 lessees in 55 countries. As at 30 September 2020, the Group's owned fleet had a book value of U.S.\$11,238.2 million (including finance lease receivables). The average age, weighted by Cirium/Ascend half-life current market value, of the Group's Owned Portfolio as at 30 September 2020 was 6.4 years.

The Group's aircraft operations are carried out by an experienced team of commercial aviation industry professionals. Its lease arrangements with airline customers are "net" leases under which lessees are generally responsible for all operating expenses, which customarily include maintenance, fuel, crews, insurance, airport and navigation charges, taxes, licenses and aircraft registration. The Group's leases are for a fixed term, although in some cases the lessees have early termination or extension rights. Most of the Group's leases require payments to be made monthly in advance, and most of its leases are denominated in U.S. dollars. As at 30 September 2020, 92.6 per cent. of the Group's leases were subject to fixed lease rates as a percentage of lease revenue. The Group requires its lessees to carry insurance, which is customary in the air transportation industry, with premiums paid by the lessee. Lessees are generally required to continue to make lease payments under all circumstances, including periods during which the aircraft is not in operation due to maintenance or grounding.

The Group's lease portfolio is highly diversified, geographically and by airline, with the top five lessees representing 29.5 per cent. of the portfolio based on net book value as at 30 September 2020. Emirates, a related party, is the largest customer representing 13.9 per cent. of the fleet based on net book value as at 31 December 2019 and 13.8 per cent. as at 30 September 2020.

DAE Engineering (Joramco)

Joramco is a provider of commercial aircraft maintenance, repair, and overhaul (MRO) services based in Amman in Jordan.

FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group's results of operations have been affected, and will continue to be affected, by a variety of factors, including in particular:

- aviation industry market conditions, which have been particularly adversely affected by the COVID-19 pandemic in 2020;
- the number, type, age and condition of the aircraft owned by the Group, which can be affected by a number of factors including major acquisitions, such as the acquisition of AWAS in 2017;
- the demand for the Group's aircraft and the resulting lease rates that it is able to obtain for the aircraft;
- the purchase price that the Group pays for its aircraft and engines;
- the number, types and sales prices (which can vary depending on demand and other factors) of aircraft and engines that the Group sells in a period;
- changes in circumstances that indicate the carrying value of an aircraft may not be recoverable;
- the ability of the Group's lessee customers to meet their lease obligations and maintain its aircraft and engines in airworthy and marketable condition;
- the utilization rate of the Group's aircraft and engines;
- availability of financing from the capital markets, commercial banks and export credit agencies; and
- interest rates which affect the Group's aircraft lease revenues and its interest expense. The Group holds derivative financial instruments to economically hedge its interest rate risk exposures.

FACTORS AFFECTING COMPARABILITY OF THE GROUP'S RESULTS

Impact of COVID-19

Since the start of 2020, the Group's business has been impacted by the effect on its customers of measures put in place around the world to contain the spread of the COVID-19 pandemic, including significant restrictions on the movement of citizens in affected countries which have materially disrupted the airline industry. As discussed above under "*Risk Factors—The Group is exposed to material and currently not fully quantifiable disruptions arising from the Coronavirus disease 2019 (COVID-19)*", passenger air travel has been significantly impacted, although cargo has been impacted to a somewhat lesser extent. Within the global airline industry and based on industry sources available to the Group, as at 30 September 2020, more than 30 airlines had entered into court-led or voluntary bankruptcies, restructurings, administration or examinerships which affected more than 1,650 aircraft, of which more than 900 were leased. In relation to these events, DAE's exposure was assessed at U.S.\$0.4 billion as at 30 September 2020 ranking it as the 18th most affected lessor at that date based on available industry data.

The Group is dealing with requests for support from certain of its airline customers, which include rent deferrals, lease amendments and/or other concessions. In particular, the Group has agreed the following to support its customers as at 30 September 2020:

- The Group has executed deferral relief packages incorporating lease extensions and other lease value enhancements with 21 customers. The total value of these deferral relief packages is U.S.\$155 million or 13 per cent. of trailing twelve months ("**TTM**") lease revenue, being the lease revenue recognized by the Group in the 12-month period ended 30 September 2020. Of the total

deferrals, as of 30 September 2020 U.S.\$110 million has been incurred and U.S.\$45 million relates to future rental. U.S.\$20 million has been repaid and four customers have repaid in full.

- The Group has entered into various lease amendments principally involving near term relief in exchange for lease extensions and other lease value enhancements, with a further 12 customers. The total value of the cash amounts deferred under these amendments in the nine months ended 30 September 2020 was U.S.\$84 million, which is equal to 7 per cent. of TTM lease revenue.

The principal impacts of COVID-19 on the Group's results and financial condition to date have been:

- The Group continues to recognize revenue on a straight line basis in accordance with the lease contract, therefore the impact of COVID-19 on the Group's lease revenue has been limited. Furthermore, demand for the Group's engineering services has been negatively impacted by the decline in the aviation industry, although given the relative size of this business to the Group, the overall negative impact has been limited to date.
- In light of the disruption in the airline industry certain customers are delinquent in lease payments which has resulted in an increase in the Group's total net trade and other receivables balance to U.S.\$171.2 million as at 30 September 2020 from U.S.\$69.1 million as at 31 December 2019. The Group also recorded a corresponding increase in its loss allowance for trade receivables, which increased to U.S.\$45.1 million as at 30 September 2020 compared to U.S.\$14.5 million as at 31 December 2019.
- Notwithstanding the granting of deferrals, the Group continues to recognize lease income on a straight-line basis. Accordingly, the revenue recognized but not yet billed or due as at 30 September 2020 is included on the statement of financial position as a deferred revenue asset within other current and non-current assets. The total amount of deferred revenue was U.S.\$89.8 million as at 30 September 2020 and the Group recognized a loss allowance relating to deferred revenue of U.S.\$9.8 million for the nine months ended 30 September 2020. Due to the continued disruption and uncertainty caused by COVID-19, the Group expects that its receivables and deferred revenue will continue to increase in the near term (as well as the level of loss allowances relating thereto).
- The Group's cash flow has been negatively impacted by the entry of the agreements noted above through deferral of rent as well as an overall slowdown in its collection rate (being total cash collections divided by net contractual rent due in respect of its aircraft leases) in the nine months ended 30 September 2020. The Group's collection rate was 93 per cent. in the first quarter of 2020, 69 per cent. in the second quarter of 2020, before recovering to 77 per cent. in the third quarter of 2020.
- In addition, given the adverse price movements in the secondary market for aircraft, the Group has to date only sold 10 aircraft in the nine months ended 30 September 2020, of which nine were sold in the first quarter, and the secondary aircraft market remains challenging and could further negatively impact the valuation of the Group's aircraft held for lease.

The Group holds security relating to leases exceeding U.S.\$600 million as at 30 September 2020 in the form of cash or letters of credit and has access to U.S.\$2.1 billion of available liquidity to support its ongoing operations.

Preparation of financial statements under IFRS

The Group prepares its financial statements under IFRS, whereas many other aircraft lessors prepare their financial statements under U.S. GAAP. One of the main differences in accounting policies between IFRS and U.S. GAAP is related to the calculation and treatment of impairments. Impairment testing is required whenever there is an indicator of impairment (a triggering event). Triggering events are generally the same for both IFRS and U.S. GAAP. The measurement of any resulting impairment charge, however, may be significantly different, as follows:

- under IFRS, an impairment is recognized if an asset's book value exceeds its recoverable amount. The recoverable amount is the higher of the value in use (discounted cash flows from the asset) and the market value of the asset; and

- under U.S. GAAP, an impairment is recognized if an asset's book value exceeds the undiscounted cash flows of the asset. The impairment loss is calculated based on the difference between the carrying value and the market value of an asset.

This difference may make the Group's results and financial position less comparable with those of other aircraft lessors whose publicly available financial information is prepared under U.S. GAAP.

Impact of impairments

In accordance with IAS 36, aircraft that are to be held and used are reviewed for impairment whenever events or changes in circumstance indicate that the carrying value of the aircraft may not be recoverable. An impairment review involves consideration of estimates about the expected useful lives, the fair value of attached leases, acquired maintenance liabilities and estimated residual values. The continuing impact of these non-cash impairment charges is to reduce the Group's asset values, and therefore lead to lower depreciation charges in subsequent periods.

Impact of net finance costs

Finance expenses are an important component of costs as the Group utilizes a significant amount of debt financing in its business. The Group's financing costs vary widely based upon its level of borrowings from external parties and from its shareholders, and also based upon the interest rates at the time the Group incurs debt or enters into interest rate derivative transactions.

The Group's net finance costs were U.S.\$253.9 million in the nine months ended 30 September 2020, U.S.\$285.0 million in the nine months ended 30 September 2019, U.S.\$372.3 million in 2019, U.S.\$355.1 million in 2018 and U.S.\$199.2 million in 2017.

Impact of maintenance

The consolidated statement of profit or loss and other comprehensive income impact of maintenance revenue and expenses fluctuates from year to year due to the fact that these amounts are driven by events such as costs associated with the unscheduled redelivery of aircraft and the sale of aircraft. The Group derecognizes amounts not expected to be refunded during the lease and records them in lease revenue when there is reliable information that the lessee will not require reimbursement of maintenance advances based on a maintenance forecasting model.

The Group's maintenance revenue and expenses were U.S.\$39.3 million and U.S.\$13.9 million, respectively, in the nine months ended 30 September 2020, U.S.\$49.4 million and U.S.\$6.6 million, respectively, in the nine months ended 30 September 2019, U.S.\$68.3 million and U.S.\$11.0 million, respectively, in 2019, U.S.\$20.7 million and U.S.\$6.5 million, respectively, in 2018 and U.S.\$36.4 million and U.S.\$18.0 million, respectively, in 2017.

Impact of aircraft disposals

The consolidated statement of profit or loss and other comprehensive income impact of the sales of aircraft by the Group fluctuates from year to year due to the fact that these amounts are driven by both the number of aircraft sold in each period and the price achieved for the sales.

The Group sold 10 and 19 aircraft in the nine months ended 30 September 2020 and 2019, respectively, and sold 34, 26 and 25 aircraft in 2019, 2018 and 2017, respectively. The Group's gain or loss on the disposal of aircraft was a gain of U.S.\$9.9 million in the nine months ended 30 September 2020, a gain of U.S.\$32.3 million in the nine months ended 30 September 2019, a gain of U.S.\$84.7 million in 2019, a gain of U.S.\$52.1 million in 2018 and a loss of U.S.\$14.9 million in 2017.

Impact of the acquisition of AWAS in 2017

The Group acquired AWAS on 17 August 2017 and AWAS was fully consolidated from that date. The revenue included in the Group's statement of profit or loss and other comprehensive income contributed by AWAS from 17 August 2017 to 31 December 2017 was U.S.\$341.6 million. AWAS contributed net income of U.S.\$100.1 million over the same period. The costs related to the acquisition of AWAS amounted to U.S.\$17.0 million and were included in legal and professional fees within general and administrative

expenses in the consolidated statement of comprehensive income and in operating cash flows in the statement of cash flows for the year ended 31 December 2017.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of the Group's financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with IFRS as issued by the IASB and require the Group to make estimates and assumptions that affect the amounts reported in the Financial Statements. The use of estimates is, or could be, a significant factor affecting the reported carrying values of property, plant and equipment, trade receivables, notes receivable, deferred tax assets, accruals and reserves. The Group's estimates and assumptions are based on historical experiences and currently available information. The Group uses professional appraisers and valuation experts, where possible, to support its estimates, particularly with respect to aircraft and engines. Despite the Group's best efforts, actual results may differ from its estimates under different conditions, sometimes materially.

A summary of the Group's significant accounting policies is presented in Note 2 to the 2019 Financial Statements. The critical accounting policies and estimates discussed below are those that are both most important to the portrayal of the Group's financial condition and results of operations and require the most subjective judgments, estimates and assumptions. The application of those critical accounting policies and estimates involves a high degree of judgment.

Revenue recognition

In general, the Group's operating lease rentals are recognized on a straight-line basis over the term of the lease. The Group will neither recognize revenue nor record a receivable from a customer when collectability is not reasonably assured. The Group's management determines whether customers should be placed on a non-accrual status based on factors such as the lessee's credit rating, payment performance, financial condition and requests for modifications of lease terms and conditions as well as security received from the lessee in the form of guarantees and/or letters of credit. Once a customer is on non-accrual status, revenue is recognized when cash payments are received. Estimating whether collectability is reasonably assured requires some level of subjectivity and judgment as it is based primarily on the extent to which amounts outstanding exceed the value of security held, the financial strength and condition of the lessee and the current economic conditions of the lessee's operating environment.

In certain contracts, the lessee is required to re-deliver the aircraft in a specified maintenance condition (normal wear and tear excepted), with reference to major life-limited components of the aircraft. To the extent that such components are re-delivered in a different condition than specified, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. Amounts received as part of these re-delivery adjustments are recorded as maintenance income within lease rental income at lease termination.

The Group also recognizes maintenance reserves that are not expected to be reimbursed to lessees, as lease revenue, during the lease term when the Group has reliable information that the lessee will not require reimbursements of additional rentals based on a maintenance forecasting model. Where amounts not expected to be reimbursed are not certain revenue is recognized at the end of the lease.

Revenue from the provision of engineering maintenance services is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work completed.

Interest income is recognized as the interest accrues using the effective interest rate method.

Aircraft held for lease

Aircraft held for lease are stated at cost net of accumulated depreciation and impairment losses, if any. Aircraft held for lease are depreciated using the straight-line method over useful lives of up to 30 years from the date of manufacture to estimated residual values which do not exceed 15 per cent. of the aircraft's cost. Management reviews the residual value and useful lives annually and if either of these estimates is adjusted, the future depreciation charge is also adjusted. The carrying value of an aircraft held for lease is the original cost of the aircraft, including purchase expenses, adjusted for subsequent capitalized improvements, depreciation and impairments.

Maintenance right assets are presented as a component of aircraft held for lease and represent the value of the difference between the contractual right under the acquired leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition.

The maintenance right asset is amortized over the remaining useful life of the aircraft. Once the related maintenance work is performed, the unamortized amount is then capitalized on to the aircraft. If the work is not performed, the amount is disposed of and any related maintenance reserves will be utilized against the amount recorded in the consolidated statement of profit or loss and other comprehensive income.

Major improvements which may be performed by the Group pursuant to a lease agreement are accounted for as lease incentives as part of other assets and are amortized against revenue over the term of the lease, assuming no lease renewals. Lessee specific modifications to an aircraft are capitalized and also amortized against revenue over the term of the lease. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to be compliant with return conditions of flight equipment at lease termination.

Major improvements and modifications incurred for an aircraft that is off-lease are capitalized and depreciated over the remaining life of the aircraft held for lease when these increase the future economic benefit of the related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition, the Group evaluates whether the lease acquired with the aircraft is at fair market value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognized when it is determined that the acquired lease's terms are above market value; lease discounts are recognized when it is determined that the acquired lease's terms are below fair market value. Lease premiums and discounts are capitalized as a component of the aircraft held-for-lease and are amortized as rental revenue on a straight-line basis over the lease term.

Expenditures incurred to transition an aircraft from one lessee to another due to either lease termination or bankruptcies are expensed as aircraft maintenance costs.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside consolidated statement of profit or loss and other comprehensive income is recognized outside the consolidated statement of profit or loss and other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances changed. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations that have been published are effective for future reporting periods, and have not been applied in preparing the Group's Financial Statements:

- IFRS 17 Insurance contracts (effective on or after 1 January 2021).
- Amendments to IFRS 3 definition of a business.
- Amendments to IAS 1 and IAS 8 on the definition of material.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform.

These are all effective for annual periods beginning on or after 1 January 2020 (unless otherwise noted). The Group has taken the decision not to adopt these standards early. The extent of the impact for future accounting periods is still under review by the Group, however the impact is not expected to be material.

KEY METRICS

Total income

The Group's total revenue consists primarily of lease rental income (which is derived from aircraft lease rentals), provision of engineering maintenance services (derived from Joramco and recognized in proportion to the stage of completion of the transaction at the reporting date) and other income.

Lease rental income

The Group's aircraft are subject to net operating leases where the lessee pays lease rentals and is responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. The Group's lease revenue is highly correlated with the volume of aircraft capitalized on its statement of financial position.

Because the terms of the Group's leases are generally for multiple years and have staggered expiration dates, there are lags between changes in market conditions and their impact on the Group's results, as contracts remain in effect that do not yet reflect current market lease rates. Therefore, current market conditions may not be fully reflected in current results. Lease payments are generally due in advance and the Group recognizes lease revenue only to the extent collection is reasonably assured.

Lease rental revenue from the Group's top five lessees represented 33.1 per cent., 28.3 per cent., 28.7 per cent., 28.0 per cent. and 46.0 per cent., respectively, of the Group's total revenue for each of the nine-month periods ended 30 September 2020 and 30 September 2019 and for each of 2019, 2018 and 2017.

The table below shows the distribution of lease revenue by location of each airline's principal place of business.

	Nine months ended 30 September		Year ended 31 December		
	2020	2019	2019	2018	2017
			<i>(per cent.)</i>		
Middle East and Africa	43	42	41	35	39
Asia Pacific	29	27	28	33	33
Europe	14	17	17	18	14
Americas	14	14	14	14	14
Total	100	100	100	100	100

Expenses

The Group's primary expenses consist of depreciation and amortization, general and administrative expenses, costs of providing engineering maintenance services (which represents Joramco's operating costs which are recognized in proportion to the stage of completion of the transaction at the reporting date) and aircraft maintenance expense. With effect from 1 January 2020, the Group has also recorded its loss allowance for financial assets as a separate item of expense. This was previously recorded under lease rental income.

Depreciation and amortization

The Group's depreciation charge is principally driven by its aircraft held for lease. The Group's depreciation and amortization policy is described under "*Critical accounting policies and estimates— Aircraft held for lease*" above.

General and administrative expenses

The Group's principal general and administrative expenses comprise compensation and benefits expenses for its staff, legal and professional expenses and office and travel expenses. The level of the Group's general and administrative expenses is influenced primarily by the number of employees and the extent of transactions or ventures that the Group pursues that require the assistance of outside professionals or advisors.

Finance costs

Finance costs arise from the aircraft debt financing and related derivative instruments described in "*Description of other indebtedness*". As at 30 September 2020, the Group had total outstanding loans and borrowings (net of debt issuance costs) of U.S.\$7,688.5 million with a weighted average interest rate of 4.0 per cent. (not including the effect of upfront fees, undrawn fees, issuance cost amortization or fair value gains/losses on derivative financial instruments) and a weighted average remaining maturity of 4.2 years. As at 30 September 2020, 67 per cent. of the Group's total outstanding loans and borrowings (net of debt issuance costs) was fixed rate debt. The Group's interest expense in any period is primarily affected by contracted interest rates and the principal amounts of indebtedness.

The Group's fleet

The table below shows the Group's fleet as at 30 September in each of 2020 and 2019.

	As at 30 September	
	2020	2019
Owned Portfolio (<i>number of aircraft</i>)	284	301
Managed Portfolio (<i>number of aircraft</i>)	71	51
Weighted average age (<i>years</i>) (Owned Portfolio) ⁽¹⁾	6.4	6.1
Weighted average remaining lease term (<i>years</i>) (Owned Portfolio) ⁽¹⁾	6.4	6.3
Net book value of aircraft held for lease (<i>U.S.\$ million</i>)	11,050	11,823
Carrying value of finance lease and loan receivables (<i>U.S.\$ million</i>)	188	104
Net book value of aircraft held for sale (<i>U.S.\$ million</i>)	—	28
Aggregate net book value (<i>U.S.\$ million</i>) (Owned Portfolio)	11,238	11,955

The table below shows the Group's fleet as at 31 December in each of 2019, 2018 and 2017.

	2019	2018	2017
Owned Portfolio (<i>number of aircraft</i>)	289	312	310
Managed Portfolio (<i>number of aircraft</i>)	65	37	40
Weighted average age (<i>years</i>) (Owned Portfolio) ⁽¹⁾	6.0	5.9	5.7
Weighted average remaining lease term (<i>years</i>) (Owned Portfolio) ⁽¹⁾	6.3	6.4	6.1
Net book value of aircraft held for lease (<i>U.S.\$ million</i>)	11,310	11,708	12,050
Carrying value of finance lease receivables (<i>U.S.\$ million</i>)	102	118	222
Net book value of aircraft held for sale (<i>U.S.\$ million</i>)	293	521	11
Aggregate net book value (<i>U.S.\$ million</i>) (Owned Portfolio)	11,705	12,347	12,283

Note:

(1) Weighted averages calculated based on the Cirium/Ascend half-life current market value as at each relevant date.

RESULTS OF OPERATIONS

Nine months ended 30 September 2020 compared to nine months ended 30 September 2019

This section compares the Group's results of operations for each of the nine-month periods ended 30 September 2020 and 30 September 2019, using unaudited financial data for both periods extracted from the Interim Financial Statements.

Total revenue

The Group's total revenue comprises (i) lease revenue from aircraft leasing, which also includes maintenance revenue (which comprises the release of maintenance reserves net of the derecognition of maintenance right assets) and is net of amortization of lease incentives, lease discounts and other lease costs, (ii) engineering maintenance service revenue which is derived from Joramco's engineering maintenance services and (iii) other income (which includes income from the management of aircraft on behalf of third parties, settlements received from customers, proceeds from the sale of spare parts and the release of security deposits).

The table below shows a breakdown of the Group's total revenue for each of the nine month periods ended 30 September 2020 and 30 September 2019.

	Nine months ended 30 September	
	2020	2019
	<i>(U.S.\$ thousand)</i>	
Lease revenue	928,214	1,005,655
Maintenance revenue	39,281	49,393
Amortization of lease incentives, lease discounts and other lease costs.....	(44,887)	(35,184)
Net lease revenue	922,608	1,019,864
Engineering maintenance services revenue.....	42,688	53,948
Finance lease and loan receivables income.....	6,187	4,485 ⁽¹⁾
Total lease revenue and engineering maintenance services revenue	48,875	58,433
Other income.....	12,638	6,841
Total revenue	984,121	1,085,138

Note:

- (1) Prior to 1 January 2020, finance lease and loan receivables income was included with finance income and since 1 January 2020 it has been presented within revenue. The comparative nine-month period ended 30 September 2019 has been re-presented to conform with this presentation.

The Group's total revenue fell by U.S.\$101.0 million, or 9.3 per cent., to U.S.\$984.1 million in the nine months ended 30 September 2020 from U.S.\$1,085.1 million in the corresponding period of 2019. The change principally reflected lower net lease revenue.

Lease revenue

The Group's net lease revenue fell by U.S.\$97.3 million, or 9.5 per cent., in the nine months ended 30 September 2020 to U.S.\$922.6 million from U.S.\$1,019.9 million in the corresponding period of 2019. The decrease in the nine months ended 30 September 2020 compared to the corresponding period in 2019 principally resulted from a decrease in the number of revenue-generating aircraft in the fleet as well as the impact of lease transitions and lease restructurings due to COVID-19. Maintenance revenue in the nine months ended 30 September 2020 reduced compared to the corresponding period in 2019 due to lower maintenance reserve releases on transitioning aircraft. Amortization of lease incentives increased in the nine months ended 30 September 2020 compared to the corresponding period in 2019 due to higher contributions expected on future maintenance events.

Provision of engineering maintenance services

The Group's revenue from Joramco's engineering maintenance services fell by U.S.\$11.3 million, or 20.9 per cent., in the nine months ended 30 September 2020 to U.S.\$42.7 million from U.S.\$53.9 million in the corresponding period of 2019. The decrease principally reflected limited operating capacity due to the spread of COVID-19 during 2020.

Gain on disposal of aircraft

The Group's gain on disposal of aircraft was U.S.\$9.9 million in the nine months ended 30 September 2020 compared to U.S.\$32.3 million in the corresponding period of 2019. During the nine months ended 30 September 2020 the Group sold 10 owned aircraft compared to 19 owned aircraft in the corresponding period of 2019. Of the 10 aircraft sold in the nine months ended 30 September 2020, eight aircraft were sold to third parties where management of the aircraft was retained by the Group. The average age of the aircraft sold in the 2020 period was 14.3 years.

Fluctuations in the gain or loss on disposal of aircraft are not only a function of the number of disposals, but are also dependent on the type and age of aircraft, accounting adjustments for revenue earned from the economic closing date to the transfer of title to the buyer, as well as the prevailing market trading conditions in the underlying period.

Expenses

The Group's expenses in the two nine-month periods under review comprised (i) depreciation and amortization, (ii) general and administrative expenses, (iii) the cost of providing the engineering maintenance services provided by Joramco, (iv) the Group's loss allowance for financial assets and (v) the Group's aircraft maintenance costs.

The table below shows a breakdown of the Group's expenses for each of the nine month periods ended 30 September 2020 and 30 September 2019.

	Nine months ended 30 September	
	2020	2019
	<i>(U.S.\$ thousand)</i>	
Depreciation and amortization.....	418,726	432,699
General and administrative expenses.....	57,262	60,507
Cost of providing engineering maintenance services	31,070	36,303
Loss allowance for financial assets.....	40,441	10,235 ⁽¹⁾
Aircraft maintenance	13,876	6,648
Total expenses.....	561,375	546,392

Note:

- (1) The Group's loss allowance was previously classified with lease revenue and was presented within expenses for the first time in 2020. The comparative period has been re-presented to conform with the presentation for the nine months ended 30 September 2020.

The Group's total expenses increased by U.S.\$15.0 million, or 2.7 per cent., in the nine months ended 30 September 2020 to U.S.\$561.4 million from U.S.\$546.4 million in the corresponding period of 2019, primarily due to increased loss allowance for financial assets.

Depreciation and amortization

The Group's depreciation and amortization expenses fell by U.S.\$14.0 million, or 3.2 per cent., in the nine months ended 30 September 2020 to U.S.\$418.7 million from U.S.\$432.7 million in the corresponding period of 2019. This decrease was predominately driven by the lower number of aircraft in the fleet in the 2020 period. During the nine months ended 30 September 2020, the Group changed the estimated useful economic life of freighter aircraft and ATR 72-600s from 25 to 30 years, in order to more appropriately reflect the period of expected economic use. This change did not result in a material change in the depreciation charge for the nine months ended 30 September 2020.

General and administrative expenses

The Group's general and administrative expenses fell by U.S.\$3.2 million, or 5.4 per cent., in the nine months ended 30 September 2020 to U.S.\$57.3 million from U.S.\$60.5 million in the corresponding period of 2019.

Cost of providing engineering maintenance services

The Group's cost of providing engineering maintenance services fell by U.S.\$5.2 million, or 14.4 per cent., in the nine months ended 30 September 2020 to U.S.\$31.1 million from U.S.\$36.3 million in the corresponding period of 2019. This decrease was reflected the decrease in revenue from engineering maintenance services over the same periods.

Aircraft maintenance

The Group's aircraft maintenance expenses increased by U.S.\$7.2 million, or 108.7 per cent., in the nine months ended 30 September 2020 to U.S.\$13.9 million from U.S.\$6.6 million in the corresponding period of 2019. This was principally due to an increase in the re-lease maintenance expense and other maintenance costs incurred on transitioning aircraft.

Operating profit

Reflecting the above factors, the Group's operating profit was U.S.\$432.6 million in the nine months ended 30 September 2020 compared to U.S.\$571.0 million in the corresponding period of 2019, a fall of U.S.\$138.4 million, or 24.2 per cent.

Net finance costs

The Group's net finance costs fell by U.S.\$31.1 million, or 10.9 per cent., in the nine months ended 30 September 2020 to U.S.\$253.9 million from U.S.\$285.0 million in the corresponding period of 2019.

The Group's finance income decreased by U.S.\$29.9 million, or 68.5 per cent., in the nine months ended 30 September 2020 to U.S.\$13.7 million from U.S.\$43.6 million in the corresponding period of 2019 which related primarily to lower interest earned on notes receivable from shareholders, which were repaid in full during the 2020 period.

The Group's finance expense fell by U.S.\$61.0 million, or 18.6 per cent., in the nine months ended 30 September 2020 to U.S.\$267.6 million from U.S.\$328.6 million in the corresponding period of 2019. This decrease was primarily attributable to savings in interest expense which reduced primarily due to the decrease in total loans and borrowings (net of debt issuance costs) from U.S.\$8.9 billion as at 30 September 2019 to U.S.\$7.7 billion as at 30 September 2020.

Income tax expense

The Group's tax charge is primarily driven by tax arising on its Irish activities. During the nine months ended 30 September 2020, the Group recorded a tax expense of U.S.\$11.5 million compared to tax expense of U.S.\$25.5 million in the corresponding period of 2019. The decrease was primarily due to a reduction in profits attributable to the Group's activities carried out in Ireland during the 2020 period.

Profit for the period

Reflecting the above factors, the Group's profit for the nine months ended 30 September 2020 fell by U.S.\$93.3 million, or 35.8 per cent., to U.S.\$167.3 million from U.S.\$260.5 million in the corresponding period of 2019.

2019 compared to 2018

This section compares the Group's 2019 and 2018 results of operations. Financial data as at and for the year ended 31 December 2019 has been extracted from the 2019 Financial Statements and financial data as at and for the year ended 31 December 2018 has been extracted from the 2018 Financial Statements.

Total revenue

The table below shows a breakdown of the Group's total revenue for each of 2019 and 2018.

	<u>2019</u>	<u>2018</u>
	(U.S.\$ thousand)	
Lease revenue	1,324,070	1,372,242
Maintenance revenue	68,347	20,780
Amortization of lease incentives, lease discounts and other lease costs.....	(62,291)	(31,038)
Net lease revenue.....	<u>1,330,126</u>	<u>1,361,984</u>
Engineering maintenance services revenue.....	81,754	67,350
Total lease revenue and engineering maintenance services revenue	<u>1,411,880</u>	<u>1,429,334</u>
Other income	9,427	7,277
Total revenue.....	<u>1,421,307</u>	<u>1,436,611</u>

The Group's total revenue fell by U.S.\$15.3 million, or 1.1 per cent., to U.S.\$1,421.3 million in 2019 from U.S.\$1,436.6 million in 2018. The change was primarily as a result of a decrease in net lease revenue offset by an increase in engineering maintenance services revenue.

Net lease revenue

The Group's net lease revenue fell by U.S.\$31.9 million, or 2.3 per cent., in 2019 to U.S.\$1,330.1 million from U.S.\$1,362.0 million in 2018. This decrease was due primarily to a lower number of revenue-generating aircraft in the fleet, increased amortization of lease incentives and a higher loss allowance due to the bankruptcy of a lessee in 2019, partly offset by increased aircraft maintenance revenue which mainly related to end of lease compensation payments, in each case in 2019 compared to 2018.

The proportion of the Group's net lease revenue derived from its top five customers was 28.7 per cent. in 2019 compared to 28.0 per cent. in 2018. No single customer accounted for more than 14.4 per cent. of the Group's net lease revenue, excluding end of lease compensation, in 2019 compared to 16.2 per cent. in 2018.

See note 3 to the 2019 Financial Statements for a table showing the distribution of the Group's net lease revenue by geographic region of the operator in each of 2019 and 2018.

Provision of engineering maintenance services

The Group's revenue from engineering maintenance services increased by U.S.\$14.4 million, or 21.4 per cent., in 2019 to U.S.\$81.8 million from U.S.\$67.4 million in 2018. The increase principally reflected additional operating capacity during the period.

Gain on disposal of aircraft

The Group's gain on disposal of aircraft was U.S.\$84.7 million in 2019 compared to U.S.\$52.1 million in 2018. During 2019, the Group sold 34 owned aircraft compared to 26 owned aircraft in 2018. Of the 34 aircraft sold in 2019, 31 aircraft were sold to third parties where management of the aircraft was retained by the Group. The average age of the aircraft sold in 2019 was 11.1 years.

Expenses

The Group's total expenses increased by U.S.\$15.3 million, or 2.2 per cent., in 2019 to U.S.\$720.1 million from U.S.\$704.8 million in 2018, due primarily to higher depreciation and amortization expenses and higher cost of providing engineering and maintenance services, offset by lower general and administrative expenses, in each case in 2019 compared to 2018.

Depreciation and amortization

The Group's depreciation and amortization expenses increased by U.S.\$9.2 million, or 1.6 per cent., in 2019 to U.S.\$572.9 million from U.S.\$563.8 million in 2018. This increase reflected additional depreciation on aircraft acquired during the period offset by savings on aircraft sold and classified as held-for-sale.

General and administrative expenses

The Group's general and administrative expenses decreased by U.S.\$6.0 million, or 6.7 per cent., in 2019 to U.S.\$84.0 million from U.S.\$90.0 million in 2018. This decrease principally reflected U.S.\$4.0 million lower legal and professional expenses in 2019 compared to 2018 due to lower general legal costs and U.S.\$3.5 million lower office expenses in 2019 compared to 2018 due to the adoption of IFRS 16 for office leases which resulted in a decrease in rental expenses.

Cost of providing engineering maintenance services

The Group's cost of providing engineering maintenance services increased by U.S.\$7.9 million, or 17.9 per cent., in 2019 to U.S.\$52.4 million from U.S.\$44.4 million in 2018. This increase was in line with the increase in the Group's revenue from engineering maintenance services in 2019 compared to 2018.

Aircraft maintenance expenses

The Group's aircraft maintenance expenses increased by U.S.\$4.4 million, or 67.2 per cent., in 2019 to U.S.\$11.0 million from U.S.\$6.5 million in 2018. This was due to additional surveillance and repossession costs during 2019 compared to 2018.

Profit from operating activities

Reflecting the above factors, the Group's profit from operating activities was U.S.\$785.8 million in 2019 compared to U.S.\$783.9 million in 2018, an increase of U.S.\$1.9 million, or 0.2 per cent.

Net finance costs

The Group's net finance costs increased by U.S.\$17.2 million, or 4.8 per cent., in 2019 to U.S.\$372.3 million from U.S.\$355.1 million in 2018.

The Group's finance income fell by U.S.\$58.7 million, or 48.6 per cent., in 2019 to U.S.\$61.9 million from U.S.\$120.6 million in 2018. This decrease principally reflected U.S.\$39.1 million lower gains on financial instruments (which in both years related to gains on the repurchase of senior unsecured notes and breakage gains on the early repayment of certain loans during the year) and a U.S.\$10.8 million positive movement in the fair value of derivatives in 2018. The movement in the fair value of derivatives during 2019 was recorded in other comprehensive income as all derivatives have been in designated hedge relationships. There was also U.S.\$5.0 million lower interest on notes receivable in 2019 compared to 2018.

The Group's finance expense fell by U.S.\$41.5 million, or 8.7 per cent., in 2019 to U.S.\$434.2 million from U.S.\$475.7 million in 2018. This decrease was primarily attributable to U.S.\$26.3 million lower interest expense on bank borrowings principally due to the decrease in total loans and borrowings (net of debt issuance costs) from U.S.\$9.3 billion as at 31 December 2018 to U.S.\$8.3 billion as at 31 December 2019. It also reflected the fact that during 2018 the Group transferred three aircraft from finance lease receivables to aircraft held for lease, resulting in an overall loss of U.S.\$20.0 million. No equivalent transfers occurred during 2019.

Income tax expense

During 2019, the Group recorded a tax expense of U.S.\$36.1 million compared to U.S.\$55.9 million in 2018. The U.S.\$19.8 million, or 35.5 per cent., decrease was primarily due to a reduction in profits attributable to the Group's activities carried out in Ireland during 2019, which accounted for U.S.\$11.5 million of the decrease. The other principal factors contributing to the decrease in 2019 were a U.S.\$9.5 million lower impact from tax losses not recognized in 2019 which was offset by a U.S.\$5.3 million higher impact from non-deductible interest in 2019.

Profit for the year

Reflecting the above factors, the Group's profit for the year increased by U.S.\$4.6 million, or 1.2 per cent., in 2019 to U.S.\$377.5 million from U.S.\$372.9 million in 2018.

2018 compared to 2017

This section compares the Group's 2018 and 2017 results of operations, using financial data for 2018 and 2017 extracted from the 2018 Financial Statements.

Total revenue

The table below shows a breakdown of the Group's total revenue for each of 2018 and 2017.

	<u>2018</u>	<u>2017</u>
	(U.S.\$ thousand)	
Lease revenue	1,372,242	771,190
Maintenance revenue	20,780	36,400
Amortization of lease incentives, lease discounts and other lease costs	(31,038)	(17,058)
Net lease revenue	1,361,984	790,532
Engineering maintenance services revenue	67,350	47,658
Total lease revenue and engineering maintenance services revenue	1,429,334	838,190
Other income	7,277	7,608
Total revenue	1,436,611	845,798

The Group's total revenue increased by U.S.\$590.8 million, or 69.9 per cent., to U.S.\$1,436.6 million in 2018 from U.S.\$845.8 million in 2017. The change was primarily as a result of an increase in net lease revenue.

Net lease revenue

The Group's net lease revenue increased by U.S.\$571.5 million, or 72.3 per cent., in 2018 to U.S.\$1,362.0 million from U.S.\$790.5 million in 2017. This increase was due primarily to a higher number of revenue-generating aircraft in the fleet throughout 2018 which in turn reflected the fact that the acquisition of AWAS, which added 210 aircraft, was completed on 17 August 2017. The increase was offset by (i) U.S.\$15.7 million lower maintenance revenue which related to a lower release on transitioning aircraft during 2018 compared to 2017 and (ii) U.S.\$14.0 million higher amortization of lease incentives, lease discounts and other lease costs in 2018 compared to 2017.

The proportion of the Group's net lease revenue derived from its top five customers was 28.0 per cent. in 2018 compared to 46.0 per cent. in 2017. No single customer accounted for more than 16.2 per cent. of the Group's net lease revenue, excluding end of lease compensation, in 2018 compared to 27.7 per cent. in 2017.

See note 3 to the 2018 Financial Statements for a table showing the distribution of the Group's net lease revenue by geographic region of the operator in each of 2018 and 2017.

Provision of engineering maintenance services

The Group's revenue from engineering maintenance services increased by U.S.\$19.7 million, or 41.3 per cent., in 2018 to U.S.\$67.4 million from U.S.\$47.7 million in 2017. The increase principally reflected additional operating capacity during the period.

Gain/(loss) on disposal of aircraft

The Group's gain on disposal of aircraft was U.S.\$52.1 million in 2018 compared to a loss on disposal of aircraft of U.S.\$14.9 million in 2017. During 2018, the Group sold 26 owned aircraft, compared to 25 owned aircraft in 2017. Of the 26 owned aircraft sold in 2018, three aircraft were sold to third parties where management of the aircraft was retained by the Group. The average age of the aircraft sold in 2018 was 7.5 years.

Expenses

The Group's total expenses increased by U.S.\$255.5 million, or 56.9 per cent., in 2018 to U.S.\$704.8 million from U.S.\$449.3 million in 2017, due primarily to higher depreciation and amortization expenses and general and administrative expenses, offset by lower aircraft maintenance expenses, in each case in 2018 compared to 2017.

Depreciation and amortization

The Group's depreciation and amortization expenses increased by U.S.\$256.7 million, or 83.6 per cent., in 2018 to U.S.\$563.8 million from U.S.\$307.1 million in 2017. This increase reflected the higher number of aircraft in the fleet in 2018 compared to 2017 primarily due to the AWAS acquisition.

General and administrative expenses

The Group's general and administrative expenses increased by U.S.\$9.7 million, or 12.0 per cent., in 2018 to U.S.\$90.0 million from U.S.\$80.4 million in 2017. This increase principally reflected U.S.\$9.3 million higher compensation and benefits expense in 2018 compared to 2017 due to the full year impact of the acquisition of AWAS.

Cost of providing engineering maintenance services

The Group's cost of providing engineering maintenance services increased by U.S.\$10.0 million, or 29.2 per cent., in 2018 to U.S.\$44.4 million from U.S.\$34.4 million in 2017. This increase was in line with the increase in the Group's revenue from engineering maintenance services in 2018 compared to 2017.

Aircraft maintenance expenses

The Group's aircraft maintenance expenses fell by U.S.\$11.4 million, or 63.6 per cent., in 2018 to U.S.\$6.5 million from U.S.\$18.0 million in 2017. This was due to lower re-lease maintenance expense and other maintenance costs incurred on transitioning aircraft.

Asset impairment

In 2017, the Group recognized a U.S.\$9.4 million impairment charge relating to one aircraft which transitioned during the year, which was offset by a maintenance reserve release of U.S.\$9.4 million which is included within revenue. No impairment charge was identified for the Group's aircraft in 2018.

Profit from operating activities

Reflecting the above factors, the Group's profit from operating activities was U.S.\$783.9 million in 2018 compared to U.S.\$381.6 million in 2017, an increase of U.S.\$402.3 million, or 105.4 per cent.

Net finance costs

The Group's net finance costs increased by U.S.\$155.9 million, or 78.3 per cent., in 2018 to U.S.\$355.1 million from U.S.\$199.2 million in 2017.

The Group's finance income increased by U.S.\$68.8 million, or 132.8 per cent., in 2018 to U.S.\$120.6 million from U.S.\$51.8 million in 2017. This increase principally reflected a U.S.\$41.6 million gain on financial instruments in 2018 compared to no gain or loss in 2017 coupled with a U.S.\$32.1 million increase in interest on notes and loans receivable in 2018 compared to 2017.

The Group's finance expense increased by U.S.\$224.8 million, or 89.6 per cent., in 2018 to U.S.\$475.7 million from U.S.\$251.0 million in 2017. This increase was mainly due to U.S.\$181.3 million higher interest charged on higher average bank borrowings in large part reflecting financing raised to fund the acquisition of AWAS in August 2017. In addition, in 2018 the Group's amortization of debt issuance costs due to early repayment of loans increased by U.S.\$22.6 million compared with 2017 and it incurred U.S.\$20.0 million in losses and provisions relating to the transfer of finance lease receivables.

Income tax expense

During 2018, the Group recorded a tax expense of U.S.\$55.9 million compared to U.S.\$9.8 million in 2017. The income tax expense for 2018 was primarily driven by the corporate tax arising on the Group's Irish activities at 12.5 per cent. The Group also incurred losses in other jurisdictions, primarily Hungary (U.S.\$8.2 million tax effected) which is included in income taxable at other rates. However, based on current taxable income projections these losses have not been recognized.

Profit for the year

Reflecting the above factors, the Group's profit for the year increased by U.S.\$200.3 million, or 116.1 per cent., in 2018 to U.S.\$372.9 million from U.S.\$172.6 million in 2017.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Group generally funds its operations through a mixture of equity and debt, comprising lines of credit, loan facilities and senior debt.

The Group's total loans and borrowings before debt issuance costs was U.S.\$7,758.8 million as at 30 September 2020, U.S.\$8,376.2 million as at 31 December 2019, U.S.\$9,359.3 million as at 31 December 2018 and U.S.\$10,505.9 million as at 31 December 2017. The Group's total equity was U.S.\$2,919.2 million as at 30 September 2020, U.S.\$3,053.6 million as at 31 December 2019, U.S.\$3,524.8 million as at 31 December 2018 and U.S.\$3,162.8 million as at 31 December 2017.

The Group's net debt to equity ratio (calculated as the ratio of net debt less cash and cash equivalents to total equity, in each case as presented on the Group's consolidated statement of financial position) was 2.47:1 as at 30 September 2020 compared to 2.64:1 as at 31 December 2019, 2.57:1 as at 31 December

2018 and 3.17:1 as at 31 December 2017. As at 30 September 2020, the Group's total liquidity (measured as available revolving credit facilities and cash and cash equivalents) was U.S.\$2.1 billion compared to U.S.\$2.4 billion as at 31 December 2019, U.S.\$1.6 billion as at 31 December 2018 and U.S.\$0.8 billion as at 31 December 2017.

The Group's total equity decreased in the nine months ended 30 September 2020 principally as a result of the repurchase of shares and movement in other reserves offset by profit after tax for the nine months ended 30 September 2020. The Group's total equity decreased in 2019 due primarily to the repurchase of shares during 2019 offset by retained earnings from profit earned. The Group's total equity increased in 2018 principally as a result of retained earnings from profit earned.

For a discussion of the Group's indebtedness, see "*Description of other indebtedness*".

Cash flows

The table below summarizes the Group's consolidated statement of cash flows for each of the nine-month periods ended 30 September 2020 and 30 September 2019.

	Nine months ended 30 September	
	2020	2019
	(U.S.\$ thousand)	
Net cash generated from operating activities	602,736	1,004,589
Net cash generated from/(used in) investing activities.....	737,672	(222,989)
Net cash used in financing activities.....	(1,087,951)	(721,086)
Cash and cash equivalents at the beginning of the period.....	228,461	192,950
Cash and cash equivalents at the end of the period.....	480,918	253,464

The table below summarizes the Group's consolidated statement of cash flows for each of 2019, 2018 and 2017.

	2019	2018	2017
	(U.S.\$ thousand)		
Net cash generated from operating activities	1,298,173	1,310,371	888,600
Net cash generated from/(used in) investing activities.....	144,546	(202,840)	(2,721,202)
Net cash used in financing activities.....	(1,407,208)	(1,284,451)	1,722,309
Cash and cash equivalents at the beginning of the year.....	192,950	369,870	480,163
Cash and cash equivalents at the end of the year.....	228,461	192,950	369,870

Operating cash flow

Nine-month periods ended 30 September 2020 and 30 September 2019 compared

In the nine months ended 30 September 2020, the Group generated net cash from operating activities of U.S.\$602.7 million compared to U.S.\$1,004.6 million in the corresponding period of 2019, a decrease of U.S.\$401.9 million. This movement was primarily due to an increase in trade and other receivables, rent deferrals due to the impact of COVID-19, an increase in finance lease and loan receivables and lower maintenance receipts in the nine months ended 30 September 2020 compared to the corresponding period in 2019.

The Group's net cash from operating activities before changes in operating assets and liabilities principally reflects its net profit for the period with adjustments for depreciation and amortization and net finance cost.

2019 and 2018 compared

In 2019, the Group generated net cash from operating activities of U.S.\$1,298.2 million compared to U.S.\$1,310.4 million in 2018, a decrease of U.S.\$12.2 million.

2018 and 2017 compared

In 2018, the Group generated net cash from operating activities of U.S.\$1,310.4 million compared to U.S.\$888.6 million in 2017, an increase of U.S.\$421.8 million. The increase in 2018 was mainly due to increased operating cash flow generated by an increased number of aircraft in the fleet following the acquisition of AWAS in August 2017.

Investing cash flow

Nine-month periods ended 30 September 2020 and 30 September 2019 compared

In the nine months ended 30 September 2020, the Group's net cash from investing activities was U.S.\$737.7 million compared to net cash used in investing activities of U.S.\$223.0 million in the corresponding period of 2019. This movement was primarily due to a significant cash inflow from the repayment of notes receivable by the Group's shareholder in the nine months ended 30 September 2020. In addition, the Group acquired a lower number of aircraft in the 2020 period compared to the 2019 period although this was substantially offset by lower proceeds received from the sale of aircraft in the 2020 period compared to the 2019 period.

2019 and 2018 compared

In 2019, the Group's net cash from investing activities was U.S.\$144.5 million compared to net cash used in investing activities of U.S.\$202.8 million in 2018. This movement mainly related to U.S.\$255.6 million in cash proceeds received in advance of sale of aircraft in 2019 compared to no equivalent amounts received in 2018 offset by U.S.\$42.8 million higher deposits paid for the purchase of aircraft in 2019 compared to 2018. During 2019, the Group's net cash inflow from the acquisition of aircraft held for lease and the disposal of aircraft was U.S.\$29.9 million compared to a net cash outflow of U.S.\$64.5 million in 2018.

2018 and 2017 compared

In 2018, the Group's net cash used in investing activities was U.S.\$202.8 million compared to U.S.\$2,721.2 million in 2017. This movement mainly related to the U.S.\$1,767.9 million cash outflow on the acquisition of AWAS in 2017 compared to no equivalent outflow in 2018. In addition, during 2018, the Group's net cash outflow from the acquisition of aircraft held for lease and the disposal of aircraft was U.S.\$64.5 million compared to U.S.\$627.0 million in 2017 and its deposits paid for the purchase of aircraft were U.S.\$258.5 million higher than in 2017.

Financing cash flow

Nine-month periods ended 30 September 2020 and 30 September 2019 compared

In the nine months ended 30 September 2020, the Group's net cash used in financing activities was U.S.\$1,088.0 million compared to U.S.\$721.1 million in the corresponding period of 2019. This movement was due to U.S.\$123.3 million higher net repayments of borrowings, U.S.\$143.1 million higher share repurchases and U.S.\$102.1 million higher debt repurchases offset by a U.S.\$46.7 million decrease in net financing costs, in each case in the nine months ended 30 September 2020 compared to the corresponding period in 2019.

The Group's cash and cash equivalents as at 30 September 2020 were U.S.\$480.9 million compared to U.S.\$228.5 million as at 31 December 2019. The Group's total cash and cash resources, which includes restricted cash, were U.S.\$584.9 million as at 30 September 2020, an increase of U.S.\$218.9 million compared to U.S.\$366.0 million as at 31 December 2019.

2019 and 2018 compared

In 2019, the Group's net cash used in financing activities was U.S.\$1,407.2 million compared to U.S.\$1,284.5 million in 2018. This movement was due to the repurchase of share capital of U.S.\$107.0 million in 2019 compared to no equivalent repurchase in 2018, U.S.\$138.3 million higher cash interest paid in 2019 than in 2018 and U.S.\$60.1 million lower cash inflow from release of restricted cash in 2019 than in 2018, offset by U.S.\$156.7 million lower net repayment of borrowings and debt purchased in 2019 than in 2018.

The Group's cash and cash equivalents as at 31 December 2019 were U.S.\$228.5 million compared to U.S.\$193.0 million as at 31 December 2018. The Group's total cash and cash resources, which includes restricted cash, were U.S.\$366.0 million as at 31 December 2019, a decrease of U.S.\$42.8 million compared to U.S.\$408.8 million as at 31 December 2018.

2018 and 2017 compared

In 2018, the Group's net cash used in financing activities was U.S.\$1,284.5 million compared to net cash generated from financing activities of U.S.\$1,722.3 million in 2017. This movement was principally due to a net cash inflow from new borrowings less loan repayments of U.S.\$2,318.9 million in 2017 compared to a net cash outflow from loan repayments and debt repurchased less proceeds of new borrowings of U.S.\$1,118.4 million in 2018.

The Group's cash and cash equivalents as at 31 December 2018 were U.S.\$193.0 million down from U.S.\$369.9 million as at 31 December 2017.

CERTAIN SIGNIFICANT STATEMENT OF FINANCIAL POSITION ITEMS

Assets

The Group's principal assets are its aircraft held for lease which amounted to U.S.\$11,050.4 million, or 88.5 per cent. of the Group's total assets, as at 30 September 2020 compared to U.S.\$11,310 million, or 83.5 per cent. as at 31 December 2019, U.S.\$11,708.2 million, or 79.6 per cent., as at 31 December 2018 and U.S.\$12,050.3 million, or 78.3 per cent., as at 31 December 2017.

In addition, the Group had notes receivable from shareholders which amounted to U.S.\$810.4 million, or 6.0 per cent. of the Group's total assets, as at 31 December 2019 compared to U.S.\$1,464.8 million, or 10.0 per cent. as at 31 December 2018 and U.S.\$1,407.9 million, or 9.2 per cent., as at 31 December 2017. The Group's notes receivable were repaid in cash during the nine months ended 30 September 2020. See further "*Certain relationships and related party transactions—Shareholder loan facility*".

Aircraft held for lease

The Group's aircraft held for lease are stated at cost net of accumulated depreciation and impairment losses, if any, on its statement of financial position. For a discussion of the Group's accounting policy applicable to aircraft held for lease, see "*Critical accounting policies and estimates—Aircraft held for lease*" above.

Note 9 to the Interim Financial Statements and note 8 to each of the Annual Financial Statements contains a table showing information about the movements in components of aircraft held for lease and the depreciation of aircraft held for lease.

As at 30 September 2020, the Group owned 284 aircraft compared to 289 aircraft including 10 aircraft held-for-sale as at 31 December 2019, 312 aircraft including 16 aircraft held-for-sale as at 31 December 2018 and 310 aircraft including one aircraft held-for-sale as at 31 December 2017.

As at 30 September 2020, the Group had 277 aircraft held for lease on an operating basis and seven under finance lease compared to 282 on an operating lease basis and seven on a finance lease basis as at 31 December 2019, 304 on an operating lease basis and eight on a finance lease basis as at 31 December 2018 and 299 on an operating lease basis and 11 on a finance lease basis as at 31 December 2017.

During the nine months ended 30 September 2020, the Group sold 10 aircraft and purchased five aircraft.

In 2019, the Group sold 34 aircraft and purchased 11 aircraft.

In 2018, the Group sold 26 aircraft (including two aircraft which were parted out) and purchased 28 aircraft. The Group also transferred three aircraft from finance lease receivable to aircraft held for lease, for further details see note 24 to the 2019 Financial Statements.

In 2017, the Group sold 25 aircraft and purchased 37 aircraft.

The Group's obligations under certain of its secured bank loans are secured by charges over, amongst other things, the Group's aircraft and related assets, details of which are included in note 14 to the Interim

Financial Statements, note 17 to the 2019 Financial Statements and note 18 to the 2018 Financial Statements.

Liabilities

The Group's principal liabilities are its total loans and borrowings which, net of debt issuance costs, amounted to U.S.\$7,688.5 million, or 80.3 per cent. of the Group's total liabilities, as at 30 September 2020 compared to U.S.\$8,295.5 million, or 79.1 per cent. as at 31 December 2019, U.S.\$9,260.6 million, or 82.8 per cent., as at 31 December 2018 and U.S.\$10,405.5 million, or 85.1 per cent., as at 31 December 2017. The Group's loans and borrowings are discussed under "*Description of other indebtedness*".

In addition, the Group's maintenance reserves and security deposits amounted to U.S.\$1,284.1 million, or 13.4 per cent. of the Group's total liabilities, as at 30 September 2020 compared to U.S.\$1,331.8 million, or 12.7 per cent., as at 31 December 2019, U.S.\$1,324.4 million, or 11.8 per cent., as at 31 December 2018 and U.S.\$1,362.0 million, or 11.1 per cent., as at 31 December 2017.

Maintenance reserves and security deposits

Maintenance reserves comprise maintenance advances, lessor contributions (see further below), repossession provisions, re-lease provisions and heavy maintenance provisions. In many aircraft operating lease contracts, the lessee has the obligation to make supplemental periodic payments which are calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. In these contracts, upon lessee presentation of invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

The Group also recognizes maintenance reserves that are not expected to be reimbursed to lessees, as lease revenue, during the lease term when the Group has reliable information that the lessee will not require reimbursements of additional rentals based on a maintenance forecasting model. Where amounts not expected to be reimbursed are not certain revenue is recognized at the end of the lease.

When aircraft are sold the portion of the accrued liability not specifically assigned to the buyer is derecognized from the consolidated statement of financial position as part of the gain or loss on disposal of the aircraft.

Lessor contributions

At the beginning of each new lease subsequent to the first lease on a new aircraft, lessor contributions representing contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event expected to occur during the lease, are established. The Group regularly reviews the level of lessor contributions to cover its contractual obligations under current lease contracts and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease.

Lessor contributions in respect of end of lease adjustments are recognized when the Group believes it is probable that it will be required to reimburse amounts to a lessee and the amount can be reasonably estimated.

See note 15 to the Interim Financial Statements, note 16 to the 2019 Financial Statements and note 17 to the 2018 Financial Statements for a breakdown of the Group's maintenance reserves and security deposits.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

At 30 September 2020, the Group had committed to purchase a number of aircraft from third parties to deliver in 2020 and 2021. The total capital commitment at 30 September 2020 is approximately U.S.\$0.9 billion.

A portion of the aggregate purchase price for the purchase of aircraft will be funded by incurring additional debt. The exact amount of the indebtedness to be incurred will depend upon the actual purchase price of the aircraft, which can vary due to a number of factors, including inflation, and the percentage of the purchase price of the aircraft which must be financed

Contingent liabilities

See note 22(b) to the 2019 Financial Statements which describes a contingent liability in relation to unpaid Eurocontrol charges incurred by operators of the Group's aircraft. No accrual has been made as at 30 September 2020.

RISK MANAGEMENT

For a discussion of the Group's risk management framework, see note 23(b) to the 2019 Financial Statements which discusses the Group's:

- credit risk, which principally relates to its receivables, cash and cash equivalent balances and derivative financial assets;
- market risk, which principally comprises interest rate risk relating to its loans and borrowings;
- liquidity risk; and
- capital risk management.

As a result of the impact of measures put in place around the world to try to contain the spread of COVID-19 on the Group's customers, the Group's credit risk has increased in the nine months ended 30 September 2020. This is reflected both in the Group's total net trade and other receivables balances which increased to U.S.\$171.2 million as at 30 September 2020 compared to U.S.\$69.1 million as at 31 December 2019 and U.S.\$36.2 million as at 31 December 2018 and in the Group's impairment allowance for trade receivables which amounted to U.S.\$45.1 million as at 30 September 2020 compared to U.S.\$14.5 million as at 31 December 2019 and U.S.\$11.7 million as at 31 December 2018.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

SHAREHOLDER LOAN FACILITY

During 2017, DAE, acting as lender, entered into an intercompany loan agreement (the "**Shareholder Loan Facility**") with its shareholders (ICD Hospitality and Leisure LLC and Dubai Silicon Oasis Association), in an aggregate principal amount of U.S.\$1,395.7 million. The term loans under the Shareholder Loan Facility (identified as Notes receivable in the Financial Statements) accrued interest at a rate of 3.5 per cent. per annum. The term loans were expected to mature in February 2022. The proceeds of the Shareholder Loan Facility were applied to finance the purchase of DAE's ordinary shares.

Interest capitalized and accrued under the Shareholder Loan Facility amounted to U.S.\$12.2 million and U.S.\$6.3 million as at 31 December 2017, U.S.\$69.1 million and U.S.\$6.5 million as at 31 December 2018 and U.S.\$106.0 million and U.S.\$3.6 million as at 31 December 2019, respectively. During 2019, U.S.\$694.9 million of principal and U.S.\$5.1 million of accrued interest under the Shareholders Loan Facility was repaid. During the period ended 31 March 2020, the remaining balance under the Shareholder Loan Facility was repaid in full.

SHAREHOLDERS AGREEMENT

DAE and each of its shareholders are party to a shareholders agreement. The shareholders agreement contains arrangements with respect to the appointment of board members, limited pre-emptive rights, rights of first offer, permitted transferees, matters reserved to the shareholders and board, and other customary arrangements among shareholders.

LOANS AND BORROWINGS

The Group's loans and borrowings (before debt issuance costs) from its related parties amounted to U.S.\$1,208.9 million, or 15.6 per cent. of its total loans and borrowings (before debt issuance costs), as at 30 September 2020 compared to U.S.\$1,067.7 million, or 12.7 per cent., as at 31 December 2019, U.S.\$948.4 million, or 10.1 per cent., as at 31 December 2018 and U.S.\$1,101.2 million, or 10.5 per cent., as at 31 December 2017.

Finance expense for the nine months ended 30 September 2020 in respect of the Group's related party loans and borrowings (before debt issuance costs) amounted to U.S.\$28.4 million compared to U.S.\$51.8 million in 2019, U.S.\$61.2 million in 2018 and U.S.\$38.2 million in 2017.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The total salaries and other benefits paid to the Group's key management personnel was U.S.\$8.6 million in the nine months ended 30 September 2020, U.S.\$8.3 million in 2019, U.S.\$7.9 million in 2018 and U.S.\$5.6 million in 2017.

OTHER TRANSACTIONS AND ADDITIONAL INFORMATION

For information regarding our other related party transactions, see note 17 to the Interim Financial Statements, note 21 to the 2019 Financial Statements and note 22 to the 2018 Financial Statements.

DESCRIPTION OF OTHER INDEBTEDNESS

OVERVIEW

The table below shows DAE's outstanding indebtedness (including its related party indebtedness other than shareholder loans) by type of lending and the number of aircraft secured against type of lending as at 30 September 2020.

Debt	Number of aircraft as at 30 September 2020	Outstanding debt as at			
		30 September	31 December		
		2020	2019	2018	2017
		(U.S.\$ million)			
Non-recourse obligations	5	157.9	167.0	828.2	1,909.5
Recourse obligations (including ECA, EXIM and EDC)	94	2,575.7	2,844.6	3,995.0	5,523.4
Secured term loan	9	187.5	204.9	228.2	285.7
Unsecured facilities (including term loans)	—	1,258.5	1,169.4	357.1	25.2
Senior unsecured notes	—	2,221.6	2,857.6	2,949.2	2,343.3
Revolving credit facilities (drawn amount)	—	1,357.6	1,132.7	1,001.6	322.7
Lines of credit	—	—	—	—	96.1
Total recourse obligations	103	7,600.9	8,209.2	8,531.1	8,596.4
Total	108	7,758.8	8,376.2	9,359.3	10,505.9
Unencumbered aircraft	176	—	—	—	—
Total	284	—	—	—	—

In addition to the encumbered aircraft securing the obligations listed above, which had a total net book value of U.S.\$4,462.0 million as at 30 September 2020, 176 aircraft, with a total net book value of U.S.\$6,588.4 million were unencumbered as at 30 September 2020.

All the facilities listed above contain various customary financial and non-financial loan covenants, including:

- financial information obligations;
- limitations on activities which would negatively impact concentration limits such as regional location of lessees and types of aircraft in the portfolio; and
- loan to value maintenance ratio covenant.

In the nine months ended 30 September 2020, the Group's total loans and borrowings before debt issuance costs decreased to U.S.\$7,758.8 million as at 30 September 2020 from U.S.\$8,376.2 million as at 31 December 2019. The decrease was primarily due to the repayment of certain loans and principal amortization during the nine months ended 30 September 2020. As at 30 September 2020, the Group's level of unsecured debt increased to 62.4 per cent. compared to 61.6 per cent. as at 31 December 2019. The Group's average cost of debt was 4.0 per cent. in the nine months ended 30 September 2020 compared to 4.5 per cent. in 2019 and the weighted average debt maturity as at 30 September 2020 was 4.2 years compared to 4.6 years as at 31 December 2019.

In 2019, the Group's total loans and borrowings before debt issuance costs decreased to U.S.\$8,376.2 million as at 31 December 2019 from U.S.\$9,359.3 million as at 31 December 2018. The decrease was primarily due to the early repayment of certain loans and principal amortization during 2019. As at 31 December 2019, the Group's level of unsecured debt increased to 61.6 per cent. compared to 46.0 per cent. as at 31 December 2018. The Group's average cost of debt was 4.5 per cent. in 2019 which was in line with

2018 and the weighted average debt maturity was 4.6 years as at 31 December 2018 compared to 5.2 years as at 31 December 2017.

In 2018, the Group's total loans and borrowings before debt issuance costs decreased to U.S.\$9,359.3 million as at 31 December, 2018 from U.S.\$10,505.9 million as at 31 December 2017. The decrease was primarily due to early repayment of certain loans during 2018. As at 31 December 2018, the Group's level of unsecured debt had increased to 46.0 per cent. compared to 22.5 per cent. in 2017. The Group's average cost of debt was 4.4 per cent. in 2018 compared to 4.0 per cent. in 2017 and the weighted average debt maturity was 5.2 years which was in line with the figure as at 31 December 2017.

The table below shows the aggregate principal and contractual repayment amount of loans for periods after 30 September 2020.

	<u>Principal cash flows</u>	<u>Contractual cash flows</u>
	(U.S.\$ million)	
Due within one year	497.6	778.6
Due within one and five years.....	6,029.2	6,655.3
Due after five years.....	1,182.0	1,296.4
Total	<u>7,708.7</u>	<u>8,730.3</u>

Note:

- (1) Contractual cash flows include both scheduled payments of principal and interest after the impact of derivatives.

NON-RECOURSE OBLIGATIONS

As at 30 September 2020, five aircraft were being financed on a non-recourse basis. All the loans contain provisions that require the payment of principal and interest throughout the terms of the loans. The average nominal interest rates on the loans, after the impact of derivatives, are 2.39 per cent. for the fixed rate loans and 4.39 per cent. for the floating rate loans. The loans mature between 2023 and 2026.

RECOURSE OBLIGATIONS

As at 30 September 2020, 94 aircraft were financed on a full recourse basis (including loans guaranteed by the ECA (Export Credit Agencies), EXIM (Export-Import Bank of the United States) and EDC (Export Development Canada) on standard export credit agency supported financing terms). The loans amortize over their lives of between 0 and 10 years remaining. The average nominal interest rates on the loans, after the impact of derivatives, are 4.09 per cent. for the fixed rate loans and 4.33 per cent. for the floating rate loans.

SECURED TERM LOAN

The secured term loan carries a fixed rate of interest of 4.87 per cent. and matures in 2021. The term loan requires periodic payments of principal plus interest and amortizes to a bullet repayment in October 2021. As 30 September 2020, nine aircraft were financed with the proceeds of the loan.

UNSECURED FACILITIES

The Group's unsecured facilities as at 30 September 2020 comprised four full recourse unsecured credit facilities totaling U.S.\$1,258.5 million. The loans under the facilities amortize over their lives of between 0 and 10 years remaining. The unsecured facilities all accrue interest at floating rates and the average nominal interest rate under the facilities, after the impact of derivatives, was 2.29 per cent.

In addition, as at 30 September 2020, the Group had in place an unsecured pre-delivery payment facility that was undrawn.

SENIOR UNSECURED NOTES

In August 2017, the Group issued U.S.\$500 million of 4.00 per cent. senior unsecured notes due 2020 (the "2020 Notes"), U.S.\$800 million of 4.50 per cent. senior unsecured notes due 2022, and U.S.\$1,000 million

of 5.00 per cent. senior unsecured notes due 2024. In November 2018, the Group issued U.S.\$500.0 million of 5.25 per cent. senior unsecured notes due 2021 and U.S.\$500 million of 5.75 per cent. senior unsecured notes due 2023. There is no scheduled amortization of any of these notes until maturity. All of these notes are fully and unconditionally guaranteed by DAE. During 2018, 2019 and 2020, the Group repurchased U.S.\$397.6 million, U.S.\$86.6 million and U.S.\$192.1 million of these notes, respectively. In addition, the 2020 Notes were repaid in full in August 2020.

REVOLVING CREDIT FACILITIES

The Group's unsecured revolving credit facilities as at 30 September 2020 comprised five full recourse unsecured credit facilities totaling U.S.\$3,005.0 million which can be drawn until maturity which ranges from 2022 to 2024. The facilities all accrue interest at floating rates and the average nominal interest rate under the facilities, after the impact of derivatives, was 1.90 per cent. All of the facilities include covenants that are substantially similar to those included in the senior unsecured notes and a financial covenant requiring DAE (as guarantor) to maintain a minimum consolidated tangible net worth.

DESCRIPTION OF THE TRUSTEE

GENERAL

The Trustee was incorporated in the DIFC on 20 March 2018 as a special purpose company under the Companies Law, DIFC Law No. 2 of 2009 and the Special Purpose Company Regulations, with registered number 2771, and subsequently converted to a prescribed company under the Companies Law, DIFC Law No. 5 of 2018 and the Prescribed Company Regulations 2019 on 11 October 2020.

REGISTERED OFFICE

The Trustee's registered office is c/o Maples Fund Services (Middle East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates, and its telephone number is +971 4511 4200.

BUSINESS OF THE TRUSTEE

The primary purpose of the Trustee is to issue the Certificates and to undertake any ancillary activities. The Trustee, as the date of this Base Prospectus, has not engaged in any activities and does not have any substantial assets or liabilities, save in each case for those in connection with Certificates issued under the Program and pursuant to the Transaction Documents.

ADMINISTRATION

Maples Fund Services (Middle East) Limited acts as the corporate service provider of the Trustee (in such capacity, the "**Corporate Service Provider**"). The office of the Corporate Service Provider serves as the general business office of the Trustee. Through the office, and pursuant to the terms of an amended and restated corporate services agreement dated 15 November 2020 entered into between the Trustee and the Corporate Service Provider (the "**Corporate Services Agreement**"), the Corporate Service Provider has agreed to perform in the UAE and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Corporate Service Provider have also entered into a registered office and company secretarial services agreement dated 25 April 2018 (as amended) (the "**Registered Office Agreement**") for the provision of registered office facilities and secretarial services to the Trustee. In consideration of the foregoing, the Corporate Service Provider 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 Registered Office Agreement provide that either the Trustee or the Corporate Service Provider may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement 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 Registered Office Agreement provides that either party shall be entitled to terminate such agreement by giving at least three months' notice in writing to the other party. The Corporate Service Provider will be subject to the overview of the Trustee's Board of Directors. The Corporate Service Provider's principal office is Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates. The directors of the Trustee are employees and/or officers of the Corporate Service Provider. The Trustee has no employees and is not expected to have any employees in the future.

DIRECTORS

The directors of the Trustee are:

<u>Name</u>	<u>Principal Occupation</u>
Sedef Kufrevi	Vice President at Maples Fund Services (Middle East) Limited
John Curran	Vice President at Maples Fund Services (Middle East) Limited

No director of the Trustee has any actual or potential conflicts of interest between the director's private interests and the director's duties to the Trustee.

The directors of the Trustee do not hold any direct, indirect, beneficial or economic interest in any of the shares of the Trustee.

As a matter of DIFC law, each director of the Trustee 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 interests the director may have.

The business address of the directors of the Trustee is c/o Maples Fund Services (Middle East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates.

SECRETARY

Maples Fund Services (Middle East) Limited – see address above.

SHARE CAPITAL

The Trustee has an authorized share capital of U.S.\$100 consisting of 100 shares of U.S.\$1 nominal value each, of which all 100 shares have been issued and fully paid up as at the date of this Base Prospectus. All of the issued shares are fully-paid and are held by MaplesFS Limited as share trustee (the "**Share Trustee**") under the terms of an amended and restated 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.

THE GROUP'S BUSINESS

OVERVIEW

The Group is a global aerospace enterprise headquartered in Dubai with more than 170 customers in more than 65 countries. The Group conducts its activities through two divisions:

- aircraft leasing (DAE Capital), which is engaged in acquiring and leasing commercial aircraft to airlines, selling and trading aircraft, and managing aircraft on lease for third-party investors and is among the top 10 aircraft lessors globally by Cirium/Ascend half-life current market value as at 30 September 2020; and
- engineering (DAE Engineering), which comprises an 80 per cent. ownership stake in Joramco, a provider of commercial aircraft MRO services based in Amman in Jordan.

ICD, which is the investment arm of the Government of Dubai, owns directly and indirectly 100 per cent. of DAE. ICD also has direct and indirect majority ownership interests in other prominent aviation assets based in Dubai including Emirates, dnata, Dubai Duty Free, and flydubai. Aviation is an important sector of Dubai's economy and growth.

The Group is a top-tier global aircraft leasing company based on its Owned, Managed and Committed Portfolio of approximately 425 aircraft as at 30 September 2020¹. The Group's Owned and Committed Portfolio had a Fleet Valuation of approximately U.S.\$12.1 billion as at 30 September 2020.

The Group's total assets were U.S.\$12.5 billion as at 30 September 2020. In 2019, the Group's total revenue was U.S.\$1,421.3 million and its profit for the year was U.S.\$377.5 million. For the nine months ended 30 September 2020, the Group's total revenue was U.S.\$984.1 million and its profit for the period was U.S.\$167.3 million.

The Group has been impacted by the COVID-19 pandemic in 2020, see “*Management's discussion and analysis of financial condition and results of operations—Factors affecting comparability of the Group's results—Impact of COVID-19*”.

BUSINESS OVERVIEW

Aircraft Leasing division (DAE Capital)

The Group, through its Aircraft Leasing division, principally acquires and leases commercial aircraft to airline customers globally. It also trades aircraft to maintain an attractive, diversified portfolio of owned aircraft. In addition, the Group leverages its technical management, commercial and remarketing capabilities to manage portfolios of aircraft owned by third-party investors. The Aircraft Leasing division operates a highly digitized aircraft leasing platform with a record of success that spans over three decades, with strong capabilities in key leasing skill sets, including origination, placement, credit and risk analysis, technical management, transitions, work-outs, repossessions and trading. The aircraft leasing workforce is an experienced team of commercial aviation industry professionals that DAE believes is one of the best in the business. As at 30 September 2020, the Aircraft Leasing division served 111 customers in 55 countries from the Group's headquarters in Dubai and offices in Dublin, Miami, New York, Seattle and Singapore.

The Aircraft Leasing division leverages the broad capabilities of its platform to offer a solutions-oriented approach to aircraft leasing, with each opportunity assessed separately to ensure that it is able to meet customer-specific requirements. The division actively manages its aircraft lease portfolio by monetizing end-of-life assets, adjusting credit concentration risk and optimizing its asset mix to achieve a better risk-adjusted return, and it proactively manages the portfolio in response to market conditions. The portfolio strategy is complemented by a strong and established asset trading platform that allows the division to adjust its portfolio based on prevailing market conditions and long-term objectives for customer and asset mix.

¹ The approximation is due to an in-built estimation relating to the Mandated to Manage Portfolio.

The Group approaches all its aircraft transactions from an investment perspective, with a focus on generating stable, predictable cash flows. The Group's aircraft leases with airline customers are "net" leases, under which lessees are generally responsible for all operating expenses, including maintenance, fuel, crews, airport and navigation charges, taxes, licenses, aircraft registration, insurance premiums and expenses related to airworthiness directives. The average, weighted by Cirium/Ascend half-life current market value, remaining lease term on the Owned Portfolio leases as at 30 September 2020 was 6.4 years with scheduled maturities ranging from 2020 to 2033, subject in some cases to early termination or extension rights of the lessee. Most of the Group's leases are at a fixed rate, require payments to be made monthly in advance and are denominated in U.S. dollars. The Group's lessees are generally required to continue to make lease payments under all circumstances, including periods during which the aircraft is not in operation due to maintenance, grounding or requisition. Lessees are required to carry insurance with customary coverage for the air transportation industry, with the premiums paid by the lessee. The Group's lease portfolio is well-diversified geographically and by airline, with its top five lessees representing 20.4 per cent. and 29.5 per cent. of the Owned Portfolio by fleet count and net book value, respectively, as at 30 September 2020. The Group's largest customer, Emirates, represented 3.9 per cent. and 13.8 per cent. of the Owned Portfolio by fleet count and net book value, respectively, as at the same date.

During the term of a lease, the Group actively monitors the operating performance and financial health of the lessee, and the technical condition of the aircraft. It maintains an experienced and specialized credit team to manage counterparty credit risk, which includes the use of proprietary credit scoring processes. Ratings are assigned to the Group's counterparties based on analysis which covers the strength of ownership, management experience, business history, strategy, franchise/competitive environment, fleet, operations, financial performance and country risk. The Group also performs site-visit due diligence to meet with lessee management. The Group's robust technical asset management platform effectively manages aircraft repossessions and transitions of aircraft between lessees.

The Group, through its Aircraft Leasing division, acquires aircraft through three main channels:

- placing a direct order with the manufacturer;
- sale and leaseback transactions with airline customers; and
- purchases from other lessors.

The Group principally focuses on acquiring and leasing liquid and popular aircraft types, such as the Boeing 737, the Airbus A320, the Boeing 787, the Airbus A350-900, the Boeing 777F and the ATR72-600. These aircraft types share some or all of the following desirable characteristics:

- substantial user bases;
- current or new generation technology;
- a high level of operating efficiency; and
- manageable transition costs due to limited engine and configuration options.

Focusing on highly liquid and popular aircraft lowers remarketing and residual value risk, which DAE believes increases the attractiveness of the Group's aircraft to financing parties.

The Group's Owned, Managed and Committed Portfolio of approximately 425 aircraft as at 30 September 2020 consists of 284 Owned, 71 Managed, approximately 44 Mandated to Manage and 26 Committed aircraft. Based on Cirium/Ascend half-life current market value, the Group's Owned Portfolio is 83 per cent. passenger aircraft. The Owned Portfolio has a weighted average age of 6.4 years and a weighted average remaining lease term of 6.4 years, with each such weighted average calculated based on the Cirium/Ascend half-life current market value of the Owned Portfolio as at 30 September 2020. The Owned Portfolio had a fleet utilization rate based on rentals of 100 per cent. in 2019 and 98.3 per cent. in the nine months ended 30 September 2020.

The Group's Owned Portfolio, weighted by Cirium/Ascend half-life current market value, comprised 56 per cent. Boeing aircraft, 35 per cent. Airbus aircraft and 9 per cent. ATR aircraft as at 30 September 2020.

As at the same date and weighted by net book value and excluding finance leases, the Group's Owned Portfolio comprised 48 per cent. narrow body, 29 per cent. wide body (excluding Boeing 777F), 15 per cent. Boeing 777F and 8 per cent. ATR 72-600 as at 30 September 2020.

The table below shows the number by type of the aircraft in the Owned and Managed Portfolio as well as the proportion of each type measured by Cirium/Ascend half-life current market value as at 30 September 2020.

Manufacturer	Aircraft Type	Owned Portfolio	Managed Portfolio	Total	Proportion of Total ⁽¹⁾
Airbus.....	A320 family	97	37	134	22%
	A330 family	23	4	27	6%
	A350-900	4	—	4	6%
		124	41	165	35%
Boeing.....	B737 family	73	24	97	22%
	B787	12	—	12	16%
	B777F	13	—	13	16%
	Other Boeing	5	4	9	2%
		103	28	131	56%
ATR.....	ATR72-600	57	2	59	9%
Total.....		284	71	355	100%

Note:

(1) Measured by Cirium/Ascend half-life current market value as at 30 September 2020.

In addition to the above, the Group has commitments to acquire 26 aircraft from third parties.

The value of the Group's Owned, Managed and Committed Portfolio as at 30 September 2020 amounted to approximately U.S.\$16 billion², with the Owned Portfolio (including finance leases and any aircraft held for lease) accounting for U.S.\$11.2 billion. As at 30 September 2020, the Group had commitments to acquire 26 aircraft with a total value of approximately U.S.\$0.9 billion.

As at 30 September 2020 and based on Cirium/Ascend half-life current market value, more than 30 per cent. of the Group's aircraft in the Owned Portfolio were classified as next generation fuel-efficient aircraft. The Group intends to continue growing this proportion and, in the nine months ended 30 September 2020, the Group invested approximately U.S.\$1 billion in new fuel efficient aircraft.

Engineering (Joramco)

The Group's Engineering division operates under the brand name Joramco and is a leading independent provider of airframe MRO services in the Middle East with a track record in excess of 55 years. Joramco's facility of over 100,000 square meters in size is strategically located at the Queen Alia International Airport in Amman, Jordan. DAE believes that the strategic location, combined with a skilled and experienced 1,000 plus person workforce which gives it a man-hour capability exceeding one million per year, allows the Engineering division to offer a compelling value proposition to airline customers in the Middle East, Europe, Asia, Africa and the CIS countries. Joramco focuses on providing airframe MRO services on Airbus, Boeing and Embraer aircraft, with a comprehensive suite of MRO capabilities.

Joramco's revenue is diversified in geographic terms and its customers are diversified by type. In the nine months ended 30 September 2020, 48 per cent. of Joramco's revenue was derived from customers based in Europe, 42 per cent. from customers based in the Middle East, 6 per cent. from customers based in Africa and 4 per cent. from customers based in South Asia. As at 30 September 2020, 52 per cent. of Joramco's customers were flag and network carriers, 20 per cent. were low cost airlines, 17 per cent. were leisure carriers, 8 per cent. were freight carriers and 3 per cent. were aircraft lessors.

Joramco's 10 largest customers in revenue terms for each of 2018, 2019 and the six months ended 30 September 2020 (namely Swiss, Lufthansa, Gulf Air, flydubai, Royal Jordanian, DHL, Brussels Airlines, Ryanair, Alpha Star and National Air Services) accounted for 62 per cent. of its revenue and in geographic

² The approximation is due to an in-built estimation relating to the Mandated to Manage Portfolio.

terms over the same periods its top 10 countries (namely Germany, Switzerland, Saudi Arabia, Jordan, Belgium, Bahrain, Ireland, the UAE, Turkey and South Africa) accounted for 82 per cent. of its revenue.

Five aircraft hangars, 15 aircraft lines and 25 aircraft stands occupying more than 30,000 square meters of the Joramco facility can accommodate up to 15 wide body and narrow body aircraft at the same time, including but not limited to: B777, B787, B737 NG / MAX, A340 and A320 family. Joramco currently has 13 aircraft type approvals and regulatory approvals from over 25 aviation authorities including the EASA, the FAA in the United States, the CARC in Jordan and the GCAA in the UAE. Joramco serviced more than 780 aircraft in the period from 1 January 2018 to 30 September 2020. As at 30 September 2020, Joramco had total assets of U.S.\$66 million.

LESSEES OVERVIEW

The five largest airline lessees in the Owned Portfolio accounted for 29.5 per cent. of the Group's total net book value as at 30 September 2020, with the three largest, Emirates, Gulf Air and Ethiopian Airlines, representing 24.2 per cent. of the Group's total net book value as at 30 September 2020 on an aggregate basis.

The tables below show, for each of the top ten lessees, the distribution as a percentage of the Owned Portfolio by Cirium/Ascend half-life current market value and by aircraft count.

Distribution by Cirium/Ascend half-life current market value

	As at 30 September 2020
	<i>(per cent.)</i>
Emirates	13.4
Gulf Air	8.7
Fiji Airways	3.6
Hainan Airlines	3.2
Ethiopian Airlines	3.1
Egyptair	2.9
Vietnam Airlines	2.8
Saudi Arabian Airlines	2.7
GOL Linhas Aereas	2.5
Alliance Air	2.2
Other	55.0
Total	100.0

Distribution by aircraft count

	As at 30 September 2020
	<i>(per cent.)</i>
Azul	5.6
Alliance Air	4.6
Emirates	3.9
Indigo Airlines	3.5
Aeroflot	2.8
Saudi Arabian Airlines	2.8
Garuda Indonesia	2.5
PNG Air	2.5
GOL Linhas Aereas	2.5
Aegean Airlines	2.5
Other	66.8
Total	100.0

The tables below show the distribution of the Owned Portfolio by location of each airline's principal place of business by Cirium/Ascend half-life current market value and by aircraft count:

Distribution by Cirium/Ascend half-life current market value	As at 30 September 2020
	<i>(per cent.)</i>
Asia Pacific and China.....	30
Middle East, Africa and South Asia.....	44
Europe.....	13
Americas.....	13
Total	100.0

Distribution by aircraft count	As at 30 September 2020
	<i>(per cent.)</i>
Asia Pacific.....	29
Europe.....	15
Americas.....	20
Middle East, Africa and South Asia.....	36
Total	100.0

In country terms and by Cirium/Ascend half-life current market as at 30 September 2020, 15.6 per cent. of the Owned Portfolio was attributable to airlines with their principal place of business located in the UAE. Nine other countries, Bahrain, Russia, China, India, Brazil, Japan, Vietnam, Saudi Arabia and Fiji, accounted for a further 47.2 per cent. and all other countries accounted for 37.2 per cent.

As at 30 September 2020, 52 per cent. of the Group's leasing customers were flag and network carriers. 22 per cent. were low cost airlines, 16 per cent. were freight carriers, 6 per cent. were regional carriers and 4 per cent. were leisure carriers.

STRATEGY

The Group's objective is to generate attractive, industry-leading risk-adjusted returns through the aviation industry cycle and to maximize long-term earnings and growth. In order to achieve these business objectives, the Group pursues the following strategies.

Offer comprehensive client solutions supported by an integrated approach to origination and trading

The Group utilizes its scale and market presence to offer a wide range of fleet solutions. DAE believes that providing a wide range of fleet solutions strengthens relationships with the Group's larger customers, while optimizing the risk management and analytic capabilities of its platform. Within that range, the Group focuses on aircraft types that are well-suited for the leasing market over the long-term based on market liquidity and technical capabilities.

The Group approaches all of its leasing, financing and aircraft trading decisions with a focus on risk-adjusted return on equity, residual asset values, credit risk and optimizing its capital structure. The Group intends to continue to actively manage its aircraft lease portfolio by adjusting customer and geographic concentration, retiring end of life assets and managing the aircraft portfolio mix to optimize risk-adjusted returns. This portfolio strategy is complemented by proactive aircraft trading based on prevailing market conditions as well as the Group's long-term objectives for customer and aircraft mix.

Use global funding base to grow franchise with low levels of interest rate and liquidity risk

The Group's scale provides it with access to a broad range of funding sources globally. The Group has been able to finance its aircraft acquisitions and strengthen its liquidity through equity contributions from its major shareholder, cash flows from its operations, and proceeds from various debt structures obtained through diverse markets.

The Group employs a funding strategy focused on maintaining a diverse funding base, reducing interest costs, managing leverage ratios, staggering debt maturities and minimizing risks related to changes in market conditions. The Group's strategy is to identify funding markets and products with favorable and flexible terms to maximize the diversification of funding solutions at reasonable pricing in order to reduce its reliance on any one market or financial institution.

As at 30 September 2020, the Group's liquidity comprised U.S.\$480.9 million in unrestricted cash and cash equivalents and U.S.\$1,649.0 million of available borrowings under its various credit facilities, all of which could have been drawn in compliance with the financial or other covenants applicable to such facilities. The Group intends to maintain prudent liquidity buffers to support the growth of its business while continuing to fulfil its obligations to suppliers and creditors.

The Group aims to minimize interest rate risk wherever possible by matching fixed rate financing for fixed rate leases and floating rate financing for floating rate leases. In addition, the Group uses interest rate derivatives to hedge rate and tenor mismatches.

Employ a flexible asset acquisition strategy with investment discipline to maintain a strong balance sheet

The Group adjusts asset acquisition channels depending on market parameters and opportunities through the industry cycle. The Group uses risk-adjusted returns as a metric to allocate its acquisitions among direct purchases from OEMs, sale and leaseback transactions with airlines and acquisitions from other lessors and investors. The Group expects to maintain a strong balance sheet by focusing on liquid assets with manageable remarketing and residual value risk and by focusing on acquiring those assets at attractive risk-adjusted prices. With its substantial scale, DAE believes the Group is able to access attractive supplier and OEM pricing, trade assets at attractive values and strive to be a preferred provider to airlines looking for a strong lessor to perform sale and leasebacks. The Group also actively manages its fleet to ensure overall risk and portfolio optimization. By proactively investing in and trading aircraft, the Group enhances its portfolio by creating liquidity, providing capacity for future aircraft investments, ensuring the stability of its cash flows and limiting asset residual value and lease remarketing risk.

Third party asset management

The Group continues to grow its third-party managed business, securing long-term strategic partnerships and mandates with investors worldwide that have competitive capital and a wide range of aircraft and credit targets, complementing the Group's own balance sheet investment and leasing activity and growing a significant new revenue stream. The Group has more than 10 institutional aircraft investors in its third-party managed business.

Continuously invest in systems, recruiting, training and continuous improvement processes to maintain an industry-leading platform

The Group has a stable, highly experienced team with exceptional leasing capability and market relationships that consistently generate new business and placement opportunities for its existing aircraft. DAE believes that the Group's large scale and strong, dedicated ownership will allow it to continue to recruit top talent, improve processes and disseminate knowledge throughout the management team and staff to ensure its platform continues to provide a competitive advantage.

The Group continues to invest in proprietary asset management, risk evaluation and other systems. It has experience in ongoing process improvement programs to drive efficiency improvements. DAE believes that these programs have delivered tangible benefits in the form of quicker time to market by the Group's originations teams, streamlined business processes, and enhanced customer service quality with more predictable results.

COMPETITIVE STRENGTHS

Leading aircraft leasing company with attractive aircraft portfolio

The Group has built a strong worldwide franchise and developed long-standing relationships with aircraft manufacturers, commercial airlines and financial institutions. DAE believes that the Group's scale provides it with key competitive advantages, including the ability to trade assets to rebalance its portfolio in order to maintain appropriate levels of lessee and geographical concentration risk, and access a wide range of financing sources to ensure a highly competitive cost of capital.

The Group's portfolio of assets is well-diversified by type, geographic market and lessees. The Group is not dependent on the success of any single OEM, aircraft model, customer region, customer business model or customer. The Group's aircraft are highly liquid, in-demand aircraft with long average remaining lease terms and a well-dispersed lease maturity profile. The desirable nature of the Group's assets coupled with substantial scale and a strong, global platform for remarketing assets has contributed to its high fleet utilization rate. The Group's focus on aircraft with high liquidity characteristics creates strong residual value retention and reduces exposure to asset impairment risk. In addition, DAE believes that its deep knowledge of the aircraft types the Group leases allows it to more efficiently and profitably manage and transition these assets.

Robust end-to-end platform with digitized processes

DAE believes, that over the more than 35-year operating history of the Group and its component businesses, the Group has developed a best-in-class aircraft leasing platform. The Group's aircraft leasing platform comprises:

- in-house proprietary asset management systems to ensure assets are proactively monitored and transitioned to new lessees;
- an experienced trading team with a long history of selling and trading assets;
- proprietary asset risk assessment systems;
- proprietary credit risk assessment systems with a data library on several hundred airlines; and
- a workforce with extensive expertise in aircraft leasing, technical management, financing, lease workouts, repossessions and risk management, allowing the Group to provide all core leasing functions in-house.

The platform is supplemented by a robust range of digitized systems, software solutions and procedures to proactively manage the Group's aircraft through the aviation industry cycle. The platform is also geographically dispersed, with offices in Dubai, Dublin, Miami, New York, Seattle and Singapore in order to ensure proximity to customers and suppliers.

Industry leading risk management practices

The Group actively manages portfolio and counterparty risk with an experienced risk management team supported by time-proven proprietary tools and processes. The Group applies a balanced portfolio strategy that actively manages concentrations by airline, country and geographic region to prevent excessive exposure. Using a proprietary analytical process and formal risk committees, the Group actively monitors counterparty risk of both existing and prospective customers. Using a multi-layered approach to risk management, at a transaction level, committees are in place to evaluate the risk associated with each transaction and, at an enterprise level, the Group has a number of risk committees which evaluate risk and risk management frameworks to ensure suitable mitigation is in place. Pricing and measurement of risk are key to the Group's business decision making, which is supported by a comprehensive database of historical transactions covering thousands of aircraft underwritten and its risk library comprising more than 400 airlines. The Group uses security deposits, maintenance reserves and other credit support, including letters of credit and third-party guarantees, to mitigate transaction risk exposure. These risk management practices, coupled with the Group's extensive in-house repossession and redeployment capabilities, enable the Group to mitigate against and minimize lease default.

When managing asset concentration and selection, the Group continually monitors changing technology, customer trends and manufacturer behavior to adjust its portfolio mix in order to target the highest forward-looking risk-adjusted returns. This management function is supported by the Group's in-house residual value forecasting capability, and two in-house certified ISTAT appraisers.

Diverse sources of funding globally

The Group's scale and operating history as a leading aircraft lessor provide it with access to a broad range of funding and sources of liquidity globally. The Group currently has active lending relationships with 78 lending institutions in 20 countries. Together with its access to capital markets financing, this diverse lender base helps the Group to lower its cost of capital and contributes to the stability of its cash flows. Ownership by ICD and the Group's strong brand in the Middle East have allowed it greater access to the growing Middle Eastern financial markets in addition to the traditional international financial markets.

Long track record

The Group and its component businesses have a more than 35-year track record in managing aircraft assets, transitioning aircraft, assessing lessee credit and asset risk, trading aircraft and repossessing aircraft. The Group also has relationships with over 180 airlines and more than 200 counterparties. DAE believes this long track record and the Group's extensive relationships give the Group industry-leading experience in understanding customer needs, industry trends, transition and maintenance costs, asset value trends, and airline credit prospects. DAE intends to leverage the Group's multi-decade experience to generate effective risk-adjusted returns through the aviation industry cycle. In addition, through its management team's long-standing relationships in the airline and aircraft leasing industries, and through the Group's purchase and lease back commitments on Airbus, Boeing and ATR aircraft, the Group has developed strategic relationships with many of the manufacturers and suppliers of aircraft, aircraft engines and aircraft parts.

Fiscal discipline

The Group's business model is built on the fundamental principles of conservative leverage, low interest rate and liquidity risk and a disciplined approach to the deployment of capital. The Group focuses on deploying capital in assets with a predictable rate of return. It intends to maintain a strong and predictable cash flow profile underpinned by long average remaining lease terms, a well dispersed lease maturity profile and a liquid aircraft portfolio, geographic diversity of customers, high fleet utilization rates and hedged long-term debt.

Committed and stable ownership

The Group benefits from ICD's 100 per cent. direct and indirect ownership in DAE. ICD has a demonstrated track record of owning and nurturing aviation assets over the long-term. DAE believes that its ICD ownership will assist the continued development of the Group's platform to support a wider variety of transactions as well as transactions of greater scale. DAE believes this will help the Group to be seen as a supplier of choice in a rapidly consolidating industry. The Group has the scale to be a stronger competitive force, and DAE believes that this greater scale, together with its long-term and supportive ownership, will enable the Group to focus on long-term investments and to proactively navigate through the aviation industry cycle.

Experienced management team

The Group's management team has significant experience in all aspects of the aviation and aircraft leasing industries, including the provision of innovative lease structures, strategic planning, risk diversification, fleet restructuring, aircraft purchasing and financing strategies. This experience enables the Group to access a wide array of placement opportunities throughout the world and also to evaluate a broad range of potential investments and sales opportunities in the global aviation industry. With extensive industry contacts and relationships worldwide, DAE believes its management team is highly qualified to manage and grow the Group's aircraft portfolio. DAE's senior management team is led by a Chief Executive Officer with a long-term track record of success. DAE believes the senior management team is highly visible in the industry, recognized for its experience and expertise and respected by OEMs, customers and lenders.

LEASING BUSINESS

Introduction

The Group leases to airlines worldwide, and manages its portfolio of commercial jet aircraft through its choices of lessees and lease terms and through its aircraft trading activities through which it seeks to optimize its fleet of aircraft available for lease. The Group identifies desirable aircraft in which to invest, finds lessees to operate the aircraft, monitors contract compliance and realizes cash proceeds upon the disposal of the aircraft. The Group leases most of its aircraft on an operating lease basis. Under an operating lease, the Group retains the benefit, and bears the risk, of re-leasing and of the residual value of the aircraft upon expiration or early termination of the lease. Operating leasing can be an attractive alternative to ownership for airlines because it:

- increases fleet flexibility;
- requires a lower capital commitment for the airline; and
- significantly reduces aircraft residual value risk for the airline.

The useful life of an aircraft is typically around 25 years. Under the Group's leases, the lessees agree to lease the aircraft for a fixed term, although certain of the Group's operating leases allow the lessee the option to extend the lease for an additional term or terminate the lease prior to its expiration.

Net leases

The Group's aircraft leases with airline customers are "net" leases under which lessees are responsible for all operating expenses, including maintenance, fuel, crews, airport and navigation charges, taxes, licenses, aircraft registration and insurance premiums. The Group's aircraft leases with airline customers generally provide that a lessee's payment obligations are absolute and unconditional under any and all circumstances. The Group's airline customer lessees are generally required to make payment without deduction on account of any amounts that the Group might owe the lessee or any claims that the lessee may have against the Group. The lessees generally are required to continue to make lease payments in all circumstances, including periods during which the aircraft is not in operation due to maintenance, grounding or requisition. Frequently, lessees are required under the terms of the Group's aircraft leases to pay additional rent or maintenance payments in an amount determined based on the passage of time or usage of the aircraft measured by hours flown or cycles operated.

The Group may, in connection with the lease of used aircraft to an airline customer, agree to contribute specific additional amounts to the cost of certain maintenance events, such as engine overhauls or airframe interior modifications, which otherwise are generally the responsibility of the lessee. Such contributions usually reflect the usage of the aircraft prior to the commencement of the lease. In certain cases, the Group may share with lessees the cost of compliance with airworthiness directives. The Group may be required under its leases to make reimbursements to lessees for expenses incurred for certain planned major maintenance. The Group may also, on occasion, contribute towards aircraft modifications (for example, winglets and new interiors).

Lease term

The Group's leases with airline customers are mostly operating leases where each lessee agrees to lease the aircraft for a fixed term, although in some cases the lessee has early termination rights or extension rights. Most leases provide for rent payments to be made monthly in advance, although some leases provide for quarterly in advance rent payments. The Group's lease terms for new aircraft usually range from six to 12 years. Leases of the Group's previously leased aircraft to a new lessee following the expiration of the first lease or a repossession can be shorter depending on market conditions but are rarely shorter than three years. The weighted average remaining lease term based on Cirium/Ascend half-life current market value of the Owned Portfolio as at 30 September 2020 was 6.4 years.

Lease expiration

Generally, the leases are structured to require lessees to notify the Group six to 12 months in advance of the lease's scheduled expiration if a lessee desires to renew or extend the lease. This advance notice gives the Group's management team time to consider alternatives with respect to the aircraft, including assessing

general market and competitive conditions and preparing to lease the aircraft to a different airline customer or sell the aircraft to maximize residual values at the end of its useful life. If a renewal or extension is not agreed, the lease will expire at the end of the term and the lessee will be required to return the aircraft pursuant to the return conditions in the lease. The Group's leases contain detailed provisions regarding the required return condition of the aircraft and its components upon redelivery at the end of the lease term. These provisions are designed to ensure the aircraft returned can be leased to a new lessee with minimal or no additional investment on the Group's part.

Lease rates

The Group's leases with airline customers for new aircraft delivered from the manufacturer are generally signed at least eight to 12 months prior to the scheduled aircraft delivery by the manufacturer depending on the aircraft type. Lease rates for new aircraft typically adjust from the time that the lease agreement is signed to the time of the delivery of the aircraft from the manufacturer for two factors:

- changes in aircraft price due to factors such as manufacturer-announced escalation and the cost of aircraft options and configuration to meet lessee requirements; and
- changes based on differences in the prevailing interest rates between the time the lease agreement is executed and the date the aircraft is delivered.

The Group currently has no orders with manufacturers for new aircraft. However, the Group does have existing sale and leaseback agreements with certain clients for aircraft that clients have agreed to purchase from manufacturers. The Group's lease rates generally reflect the value of the aircraft and its expected rate of depreciation as well as the cost of financing the aircraft (underscoring the correlation with interest rates). For a discussion of factors affecting the value of an aircraft, see "*—Acquisitions and disposals*" below.

The majority of the Group's current leases are denominated in U.S. dollars. As at 30 September 2020, 92.6 per cent. of the leases in the Group's portfolio as a percentage of lease revenue were subject to fixed lease rates and 4.3 per cent. were subject to floating lease rates, with the lease revenue in relation to the balance being based on the utilization of the aircraft. For floating rate leases, the base lease rates change after delivery by indexing to changes in the relevant base rate, typically every three or six months. The Group's lease contracts are generally governed by New York or English law.

Because aircraft lease rates are influenced by the interest rate environment prevailing at the time that the aircraft is delivered to the lessee, the Group has adopted an interest rate management program. Under this program, the Group may enter into a number of derivative financial instruments, including interest rate swaps and interest rate caps, to allow it to stabilize its margins as short-term interest rates rise or fall.

Lease requirements regarding insurance

The Group requires its lessees to carry the types and amounts of insurance that are customary in the air transportation industry with insurers in the international insurance markets, including comprehensive liability insurance (including war liability cover), aircraft all risk hull insurance, war risk insurance covering risks such as hijacking, terrorism (but excluding coverage for weapons of mass destruction and nuclear events) and aircraft spares insurance, in each case subject to customary deductibles. The Group requires its airline customers to provide a certificate of insurance from their insurance broker identifying the Group's applicable lessor subsidiary as an additional insured or certificate holder, prior to delivery of an aircraft under one of its leases and in advance of any scheduled insurance renewal date. All certificates of insurance are required to contain a breach of warranty endorsement so that an additional insured party remains protected even if the lessee violates any of the terms, conditions or warranties of the insurance policies, provided that the additional insured party has not caused, contributed to or knowingly condoned the breach. Lease agreements generally require hull and liability limits to be in U.S. dollars, which are shown on the certificate of insurance.

Insurance premiums are required to be paid by the lessee, with coverage acknowledged by the broker or carrier. The territorial coverage of the insurance, in each case, should be suitable for the lessee's area of operations. The Group's leases generally require that the certificates of insurance contain, among other provisions, a provision prohibiting cancellation or material change without at least 30 days' advance written notice to the insurance broker (who would be required to give the Group prompt notice), except in the case of hull war insurance policies, which customarily only provide seven days advance written notice for

cancellation and may be subject to shorter notice under certain market conditions. Furthermore, the insurance is primary and not contributory, and the Group's leases generally require that all insurance carriers be required to waive rights of subrogation against the Group.

Aircraft hull policies generally contain standard clauses covering aircraft engines. The lessee is generally responsible under the terms of the lease for all deductibles. Furthermore, the hull war policies generally are required to contain full war risk endorsements, including, but not limited to, confiscation (where available), seizure, hijacking and similar forms of retention or terrorist acts.

The Group's leases generally require comprehensive liability insurance, including provisions for death, bodily injury, property damage, passenger liability, baggage liability, cargo liability, mail and aviation general third-party and legal liability and such other provisions reasonably necessary in commercial passenger and cargo airline operations. Such comprehensive liability insurance is generally required to have combined comprehensive single liability limits of not less than U.S.\$500 million or, in the case of a limited number of ATR aircraft, U.S.\$350 million. As a result of the terrorist attacks on 11 September 2001, the insurance market unilaterally imposed a sublimit on each operator's policy for third-party war risk liability in the amount of U.S.\$50 million. The Group generally requires each lessee to purchase higher limits of third-party war risk liability or obtain an indemnity from their respective government.

In late 2005, the international aviation insurance market unilaterally introduced exclusions for physical damage to aircraft hulls caused by 'dirty bombs', biohazardous materials and electromagnetic pulsing. Exclusions for the same type of perils could be introduced into liability policies in the future.

Separately, the Group purchases contingent liability insurance and contingent hull insurance on all aircraft in its fleet that are on lease to customers and maintains other insurance covering the specific needs of its business operations.

Historically, the Group's leases were generally insured or reinsured in the primary global insurance markets (London or New York). More recently insurance has increasingly been obtained in other international markets as well and, in some cases, regulations may require that a minimum placement (for example, 10 per cent.) of insurance is obtained in a local market. The Group vets the insurance providers to ensure adequate counterparty risk. DAE believes that the insurance coverage currently carried by the Group's lessees and by the Group provides adequate protection against the accident-related and other covered risks involved in the conduct of the Group's business. However, there can be no assurance that the Group has adequately insured against all risks, or that lessees will at all times comply with their obligations to maintain insurance, or that the Group's lessees' insurers and reinsurers will be or will remain solvent and able to satisfy any claims, or that any particular claim will ultimately be paid or that the Group will be able to procure adequate insurance coverage at commercially reasonable rates in the future. See further "*Risk factors—Risks related to the Group's business and industry—The aircraft in the Group's fleet may not at all times be adequately insured either as a result of lessees failing to maintain sufficient insurance during the course of a lease or insurers not being willing to cover certain risks, which could have a material adverse effect on the Group*".

Lease security

Most of the Group's leases with airline customers require the lessee to provide cash security deposits and/or letters of credit from a reputable financial institution with an investment grade rating. These security deposits and/or letters of credit may be applied or drawn down by the Group if the lessee defaults in the performance of its obligations under the lease or fails to return the aircraft in the agreed condition upon expiration of the lease. Under certain circumstances, the lessee may be required to obtain guarantees or other financial support from an acceptable financial institution or other third parties. All of the Group's leases with airline customers contain extensive provisions regarding the Group's remedies and rights in the event of a default by the lessee and are generally governed by English or New York law. Where applicable, the Group also ensures that its leases are governed by Cape Town Treaty conventions.

Lease aircraft maintenance

Under the Group's leases, the lessee is primarily responsible for maintaining the aircraft; however the Group may incur additional maintenance costs under the lease agreement and accordingly records maintenance reserves as a liability on its balance sheet. These maintenance reserves are funded by contractually required lessee payments. Provided a lessee performs scheduled maintenance of the aircraft in accordance with the

terms of the lease contract and has paid the contracted maintenance payments under the lease contract, the Group agrees to contribute from those maintenance payments to the cost incurred by the lessee for scheduled maintenance events. In certain cases, the Group is also required to make lessor contributions, in excess of amounts a lessee may have paid, towards the costs of certain agreed maintenance events performed by or on behalf of the lessee.

Subleasing

The Group's leases with airline customers generally require each aircraft to remain in the possession of the applicable lessee; any sub-lessees of the aircraft generally must be approved by the Group unless, in some leases, certain conditions are met. Under most of the Group's leases, the lessees may enter into charter or "wet lease" arrangements in respect of the aircraft (that is, with crew and services provided by the lessee), so long as the lessee does not part with operational control of the aircraft. Under some of the Group's leases, the lessee is permitted to enter into subleases with specified operators or types of operators without the Group's consent, provided certain conditions are met. The Group's leases also generally permit the lessees to subject the equipment or components to removal or replacement and, in certain cases, to pooling arrangements (temporary borrowing of equipment), without the Group's consent, but subject to any conditions and criteria set out in the applicable lease. Under the Group's leases, the lessee may deliver possession of the aircraft, engines and other equipment or components to the relevant manufacturer for testing or similar purposes, or to a third-party for service, maintenance, repair or other work required or permitted under the lease.

Lease tax payments

Most of the Group's leases with airline customers require the lessee to gross up lease payments where they are subject to withholding and other taxes, although there are some customary exceptions to this obligation, including for taxes that would not have been imposed absent transfers of the aircraft to or by the Group. The Group's leases also require lessees to indemnify the Group for certain other tax liabilities relating to the leases and the aircraft, including, in most cases, value added tax, sales and use taxes and stamp duties.

Lease requirements regarding compliance with law

The air transportation industry is highly regulated. The Group does not operate aircraft, and thus is not directly subject to many industry laws and regulations, such as regulations of the U.S. Department of State (the "DOS"), the U.S. Department of Transportation or their counterpart organizations in other countries regarding the operation of aircraft for public transportation of passengers and property. The Group is subject to government regulation in a number of respects. In addition, the Group's lessees are subject to extensive regulation under the laws of the jurisdictions in which they are registered or operate. These laws govern, among other things, the registration, operation, maintenance and condition of the aircraft.

The Group is required to register or to cause its lessees to register aircraft which the Group acquires and leases to carriers with applicable aviation authorities, such as the FAA in the United States. Each aircraft registered to fly must have a certificate of airworthiness issued by the applicable aviation authority, which is a certification demonstrating the aircraft's compliance with applicable government rules and regulations and that the aircraft is considered airworthy. The Group's lessees are obliged to maintain the certificates of airworthiness for the aircraft they lease and to comply with applicable governmental rules and regulations. When an aircraft is not on lease, the Group maintains the required certification or obtains the required certification in a new jurisdiction.

The Group's involvement with civil aviation authorities consists largely of requests to register and deregister its aircraft on those countries' registries.

The Group is subject to the regulatory authority of the DOS and the U.S. Department of Commerce (the DOC) to the extent such authority relates to the export of aircraft for lease and sale to foreign entities and the export of parts to be installed on the Group's aircraft. In some cases, the Group is required to obtain export licenses for parts installed in aircraft exported to foreign countries.

The U.S. Department of the Treasury (through its Office of Foreign Assets Control) imposes restrictions on the ability of U.S. companies to deliver goods and services to sanctioned countries and to conduct business with entities in these countries.

Jurisdictions in which aircraft are registered as well as jurisdictions in which they operate may impose regulations relating to noise and emission standards. In addition, most countries' aviation laws require aircraft to be maintained under an approved maintenance program with approved airworthiness oversight. These programs have defined procedures and intervals for inspection, maintenance and repair. To the extent that aircraft are not subject to a lease or a lessee defaults in effecting such compliance, the Group is required to comply with such requirements, often at its own expense.

Aircraft trading

The Group's aircraft trading in furtherance of its portfolio management activities involves purchasing and selling aircraft for use in its leasing business and, to a lesser extent, purchasing aircraft assets designated for sale in the near term and selling such aircraft assets or directly swapping assets with other lessors or financial owners. The Group relies upon a disciplined and measured approach to all elements of risk in each transaction in order to identify the price at which that transaction offers an appropriate balance between risk and return. The Group's strategy is to maximize the returns on its investment by managing its portfolio to generate the maximum lease rates it can and maintain high residual asset values while managing the risk of the aircraft in the portfolio through its effective asset trading capability. The Group's trading activity also enables it to balance its portfolio with respect to asset type and lessee concentration.

In addition to purchasing new aircraft from manufacturers in recent years, the Group also uses its long-standing relationships and market knowledge to originate aircraft from other lessors, trading entities and financial institutions.

Acquisition and disposals

An aircraft's value and its associated lease rates are determined by market conditions and the overall supply and demand for aircraft. However, value and lease rates can vary by aircraft type and age and also depend on other factors such as:

- the number of aircraft in service at the time;
- the number of airlines which operate the aircraft;
- the production status and manufacturer rates of production;
- the aircraft's size, capacity, capability and configuration, as well as the number of variants available in the marketplace;
- the number of aircraft that are currently parked or in storage (a result of either market conditions or an operator decision to park the aircraft, either temporarily or permanently); and
- the life-cycle duration (that is, the potential of the aircraft type to be replaced by a newer model or the availability of upgrades and whether they are retrofittable or not).

Performance against these criteria demonstrates market liquidity of the asset and thus the ease (or difficulty) in placing an aircraft with another operator. The Group can reduce its exposure to certain aircraft types which become illiquid as well as reduce off-lease levels through timely aircraft disposals.

The Group's sales team originates acquisitions and disposals through well-established relationships with airlines, OEMs, other aircraft lessors, financial institutions and brokers as well as other sources including the sale of end-of-life assets to parts companies. DAE believes that sourcing such transactions both globally and through multiple channels provides for a broad and relatively consistent set of opportunities.

Financing strategy

The successful implementation of the Group's financing strategy is a critical component of the success of its business and the growth of its profitability. The objective of the Group's financing strategy is to source the capital required to operate its business with the most flexibility and in a cost efficient manner while mitigating risks relating to changes in market conditions.

The Group aims to operate its business with prudent liquidity and a well-capitalized balance sheet. It employs a conservative funding strategy by generally seeking to manage leverage and match average debt

maturity to average lease maturity and/or disposition strategy to the extent practicable and focusing on minimizing interest costs, interest costs, maintaining prudent leverage levels and staggering its maturities.

The Group intends to fund its business with future earnings and cash flow from operations, existing debt facilities and potential future debt financing from multiple sources, which may include secured and unsecured term debt facilities, export credit backed facilities, unsecured revolving credit facilities, securitization debt and pre-delivery payment and warehouse facility debt, as well as other debt capital markets products. The Group seeks to identify markets and products with favorable and flexible terms as well as to maximize the diversification of funding solutions and to reduce its reliance on any one market or financial institution.

The Group works with a wide variety of financiers, financial institutions and other debt capital providers in sourcing debt and seeks opportunities on a worldwide basis to find the lowest cost of debt possible. The Group currently has ongoing relationships with over 100 lenders in total. In addition, DAE's location gives it strong access to the liquid and growing Middle East bank and capital markets. As at 30 September 2020, the Group had committed financing from 78 financial institutions in 20 countries, with total loans and borrowings (net of debt issuance costs) of U.S.\$7,688.5 million. This outstanding indebtedness comprised senior unsecured notes, recourse and non-recourse term facilities, ECA- and EXIM-backed facilities, unsecured revolving credit facilities and unsecured term facilities, including accrued interest and capital lease obligations.

As at 30 September 2020, the Group had committed financing from 78 financial institutions in 20 countries, with total loans and borrowings (net of debt issuance costs) of U.S.\$7,688.5 million. This outstanding indebtedness comprised recourse and non-recourse term facilities, including accrued interest and capital lease obligations, ECA- and EXIM-backed facilities, unsecured revolving credit facilities, unsecured term facilities, securitization indebtedness, unsecured notes and pre-delivery payment debt.

In addition, as at 30 September 2020, the Group had U.S.\$480.9 million in unrestricted bank balances and cash and U.S.\$1,649.0 million of available borrowings under its credit facilities, subject to compliance with certain covenants.

As at 30 September 2020, the Group's net debt to equity ratio was 2.47:1, its average cost of debt was 4.0 per cent. and the weighted average remaining maturity of its debt was 4.2 years.

Portfolio risk management

As an operating lessor, the Group bears the risk of re-leasing or selling the aircraft in its fleet in the future. If demand for a particular type of aircraft decreases, market lease rates for such aircraft may fall, and if these conditions continue for an extended period, they may affect the market value of the aircraft in the fleet and may result in an impairment charge. Conversely, if demand increases then market lease rates and sale value may increase. The Group's team of aviation industry professionals manages its assets and remarkets or sells aircraft as required in order to reduce this risk and maximize value. In recent years, the Group has experienced low repossession activity, due in part to its sound risk management strategy over time, although as a result of the COVID-19 pandemic the Group believes that there is an increased risk that some customers may default or become insolvent and that the Group may decide to repossess aircraft, see "*Risk factors—Risks related to the Group's business and industry—The Group is exposed to material and currently not fully quantifiable disruptions arising from the Coronavirus disease 2019 (COVID-19)*". The Group has instituted a disciplined approach to risk management, asset selection, client selection and portfolio diversification.

The Group maintains an experienced and specialized credit team to manage counterparty credit risk. To do so, the Group uses a 12-grade proprietary credit grading scale mapped to industry ratings. Ratings are assigned to all of the Group's counterparties based on analysis which covers the strength of ownership, management experience, trading history, strategy, franchise/competitive environment, fleet, operations, financial performance and country risk. The Group also performs site-visit diligence to meet with lessee management. Once a rating is assigned, the credit team monitors the market, the industry and existing customers, as well as prospective customers. The Group's preference is to work with customers to restructure leases that have positive long-term survivability prospects and where the economic value of a continuing stream of lease payments with associated residual value is greater than the value of a repossession coupled with a follow on lease. The Group initiates repossession only as a last recourse but is proactive in repossessing aircraft where conditions warrant.

Competition

The aircraft leasing industry is highly competitive with a landscape of over 40 platform leasing companies and many more medium- to small-scale asset managers and investors. The Group may also encounter competition from other entities that selectively compete with it, including airlines, aircraft manufacturers, financial institutions, aircraft brokers and other investor vehicles designed to invest in aircraft leasing.

The leasing market has seen a number of consolidations in recent years with the mergers of AerCap and ILFC, the merger of Avolon, HKAC and CIT, DAE's acquisition of AWAS and the acquisition of both Aviation Capital Group and Aircastle separately by Japanese investors. While the market is expected to remain fragmented overall, DAE believes that leading lessors will need to have a certain scale to compete effectively across the entire market. The Group's size puts it in the top tier of lessors with the scale and platform capable of competing in all segments of the leasing market.

Competition for a leasing transaction is based principally upon lease rates, delivery dates, lease terms, reputation, management expertise, aircraft condition, specifications and configuration and the availability of the types of aircraft necessary to meet the needs of the customer. The Group also competes with other lessors for aircraft financing commitments, which can impact its ability to compete for a leasing transaction. Some of the Group's competitors have, or may obtain, greater financial resources than the Group has and may have a lower cost of capital. However, DAE believes that the Group is able to compete favorably in aircraft acquisition, leasing and sales activities due to its scale, the reputation and experience of its management, its extensive market contacts and its expertise in sourcing and acquiring aircraft.

Employees

The Group had 1,044 full-time employees as at 30 September 2020 in its offices in Dubai, UAE; Dublin, Ireland; Miami, New York and Seattle in the United States; Singapore; and Amman, Jordan. DAE believes that the Group maintains good employee relations.

Facilities

The Group's headquarters are located at Precinct 4, Level 3, Gate Precinct Building, DIFC, PO Box 506592, Dubai, United Arab Emirates.

Regulation

While the air transportation industry is highly regulated, since the Group does not operate aircraft it is generally not directly subject to most of these regulations. The Group's lessees, however, are subject to extensive regulation under the laws of the jurisdictions in which they are registered and in which they operate. These regulations, among other things, govern the registration, operation and maintenance of the Group's aircraft. Most of the aircraft are registered in the jurisdiction in which the lessee of the aircraft is certified as an air operator. The Group's aircraft are subject to the airworthiness and other standards imposed by its lessees' jurisdictions of operation. Laws affecting the airworthiness of aviation assets are generally designed to ensure that all aircraft and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Most countries' aviation laws require aircraft to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair.

The Group is required to register, and has registered, the aircraft which it acquires and leases to U.S. carriers and to a number of foreign carriers where, by agreement, the aircraft are to be registered in the United States, with the FAA, or in other countries, with such countries' aviation authorities as applicable. Each aircraft registered to fly must have a Certificate of Airworthiness, which is a certificate demonstrating the aircraft's compliance with applicable government rules and regulations and that the aircraft is considered airworthy, or a ferry flight permit, which is an authorization to operate an aircraft on a specific flight. The Group's lessees are required to maintain proper aircraft registration and Certificates of Airworthiness for the aircraft they lease. When an aircraft is not on lease, the Group is required to maintain registration and the Certificate of Airworthiness.

Significant new requirements with respect to noise, emissions, (including greenhouse requirements), fuel efficiency and other aspects of the Group's aircraft or their operation could cause the value of the Group's aircraft portfolio to decrease. Governmental regulations relating to noise and emissions levels may be imposed not only by the jurisdictions in which the Group's aircraft are registered, possibly as part of the

airworthiness requirements, but also in other jurisdictions where the Group's aircraft operate. Any and all of the foregoing regulations could limit the economic life of the Group's aircraft and engines, reduce their value, limit the Group's ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require the Group to make significant additional investments in its aircraft and engines to make them compliant. In addition, the Group's lessees' compliance with current or future legislation, regulations, taxes or duties could result in higher costs and lead to higher ticket prices, which in turn could result in lower demand for travel. This could affect the Group's lessees' ability to make rental and other lease payments and could reduce the value the Group receives for its aircraft upon any disposal.

In addition, under the Group's leases, the Group may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft.

Legal matters

From time to time, the Group is subject to various legal claims and proceedings incidental to the normal conduct of its business. The Group is not currently a party to any litigation that DAE believes would reasonably be expected to have a material impact on the Group's financial condition.

PRINCIPAL SHAREHOLDERS

DAE is owned by ICD, ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority. ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority are wholly-owned subsidiaries of ICD. ICD therefore directly and indirectly through these companies owns 100 per cent. of DAE. ICD, the principal investment arm of the Government of Dubai, was established in May 2006 under a mandate to consolidate and manage the Government of Dubai's portfolio of commercial companies and investments. It also provides strategic oversight by developing and implementing investment strategy and corporate governance policies with the objective of maximizing stakeholder value for the long-term benefit of Dubai. ICD has a portfolio of assets, both locally and internationally, across a broad spectrum of sectors, including finance and investments, transportation, energy and industrial, real estate and construction, hospitality and leisure, and retail.

ICD established ICD Hospitality & Leisure in 2013 to hold its hospitality assets.

Dubai Silicon Oasis Authority is a free zone whose mission is to "facilitate and promote modern technology-based industries", thus accommodating the region's demand for business set up expansion.

MANAGEMENT

DIRECTORS

The table below shows the names and positions of DAE's directors.

<u>Name</u>	<u>Position</u>
His Highness Sheikh Ahmed bin Saeed Al Maktoum.....	Chairman
His Excellency Mohammed AlShaibani	Director
Dr. Mohammed AlZarooni.....	Director
Khalifa Hassan AlDaboos.....	Director and Managing Director ⁽¹⁾

(1) The Managing Director of DAE is an official capacity, separate from that of director, created in accordance with the organizational documents and shareholders' agreement of DAE. The responsibilities of the Managing Director include acting as a liaison between the management of DAE and its shareholders.

His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman

His Highness Sheikh Ahmed bin Saeed Al Maktoum has served as the Chairman of DAE since the inception of the Company in April 2006. His Highness is the President of the Dubai Civil Aviation Authority and the Chairman and Chief Executive Officer of the Emirates Group, which includes Emirates and dnata. His Highness is also the Chairman of flydubai, Dubai Airports, Dubai Duty Free, Dubai World, Noor Investment Group, Alliance Insurance, the Emirates National Bank of Dubai, the British University in Dubai, Dubai Air Wing, Dubai Holding LLC, Emirates Literature Foundation, Dubai World Expo 2020 Higher Committee, the Chairman of the Board Trustees of Al Jalilah Foundation for Education and Medical Research, the Vice-Chairman of the Dubai World Trade Centre, the President of Mohammed Bin Rashid University of Medicine and Health Sciences and a member of the boards of directors of the General Civil Aviation Authority of UAE and the Investment Corporation of Dubai. His Highness also holds a number of government positions, including the Chairman of the Dubai Supreme Fiscal Committee, the Chairman of the Supreme Council for Energy, a board member of the Strategic Affairs Council, the Second Vice-Chairman of the Dubai Executive Council and the Commissioner General of “Dubai Economy” Pillar in Dubai Council.

His Excellency Mohammed AlShaibani, Director

His Excellency Mohammed AlShaibani has served as a director of DAE since the inception of the Company in April 2006. His Excellency is the Director General of His Highness The Dubai Ruler's Court, a prime government body of Dubai. His Excellency is also the Managing Director of ICD and serves as Vice Chairman of the Supreme Fiscal Committee of Dubai, which oversees Dubai's fiscal policies. His Excellency is a member of Dubai's Executive Council, an entity charged with supervising and supporting Dubai's government bodies and is Deputy Chairman of the Higher Committee of World Expo 2020. His Excellency is Chairman of the Board of Directors at Dubai Islamic Bank and is a member of the board of Dubai Government-related organizations, including Dubai World.

Dr. Mohammed AlZarooni, Director

Dr. AlZarooni has served as a director of DAE since the inception of the Company in April 2006. Dr. AlZarooni has been the Director General of the Dubai Airport Freezone Authority since 2000 and the Vice Chairman and CEO of the Dubai Silicon Oasis Authority since 2002. Dr. AlZarooni is also the Chairman of the World Free Zones Organization, the Secretary-General of the Dubai Free Zone Council and a member of the Economic Development Committee of the Dubai Executive Council. Dr. AlZarooni has also held positions in the Dubai Department of Civil Aviation and the UAE Ministry of Education. Dr. AlZarooni holds a doctorate in Economic Geography from Durham University in the UK and a B.A. from Emirates University in Economic Geography.

Khalifa Hassan AlDaboos, Director and Managing Director

Mr. AlDaboos has served as a director of DAE since June 2013 and as Managing Director of DAE since December 2009. Mr. AlDaboos is the Deputy CEO of ICD. Mr. AlDaboos is also the Chairman of National Bonds Corporation PJSC, SmartStream Technologies Group Limited and Aswaaq LLC, and a member of

the boards of directors of Kerzner International Holdings Limited, Emirates Investment and Development PSC and Dubai Holding LLC. Mr. AlDaboos has a Bachelor's degree in Computer Information Systems & Management Science from Metropolitan State College in Denver.

The business address of the directors of DAE is the registered office of DAE at Unit 302, Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates.

No director of DAE has any actual or potential conflicts of interest between the director's private interests and the director's duties to DAE.

EXECUTIVE OFFICERS

The table below shows the names and positions of DAE's executive leadership team.

Name	Position in the Group
Firoz Tarapore	Chief Executive Officer
David Houlihan	President, DAE Capital
Susan Bradford.....	Chief Human Resources Officer, DAE Capital
Jennifer Creevey.....	Chief Financial Officer, DAE Capital
Michael Dowling.....	Chief Risk Officer, DAE Capital
Lesley Jones	Chief Legal Officer
Antonio Lopes	Chief Technical Officer, DAE Capital
Jennifer Moulton	Global Head of Sales, DAE Capital
Alexander Rasnavad.....	Chief Strategy Officer, DAE Capital
Daniel Stone	Executive Vice President, DAE Capital
Fiona Taaffe	Chief Information Officer, DAE Capital

Firoz Tarapore, Chief Executive Officer

Mr. Tarapore has been the CEO of DAE since June 2013. Mr. Tarapore previously served as the Chief Operating Officer and Chief Financial Officer of DAE and has over 12 years' experience at DAE. Mr. Tarapore is a seasoned finance and operating executive with over 35 years' experience in managing complex, global businesses. Mr. Tarapore holds an MBA in Finance from Wharton School, University of Pennsylvania and a Bachelor of Commerce degree from the University of Bombay.

David Houlihan, President, DAE Capital

Mr. Houlihan was appointed the President of DAE Capital in May 2018. Prior to this appointment, Mr. Houlihan was the Chief Marketing Officer of DAE Capital. Mr. Houlihan joined DAE Capital in June 2014. Mr. Houlihan has 20 years' experience in the aviation industry, is a certified ISTAT aircraft appraiser, a GCAA rated private pilot, is on the Engineering Advisory Board of Emirates Aviation University and holds a Bachelor's degree in Aeronautical Engineering from the University of Limerick.

Susan Bradford, Chief Human Resources Officer, DAE Capital

Ms. Bradford joined AWAS as Vice President, Human Resources in May 2007. AWAS was acquired by the Group in 2017 and Ms. Bradford is now DAE's Chief Human Resources Officer. Ms. Bradford has 14 years' experience at DAE (including AWAS) and over 25 years' experience in human resources. Prior to joining AWAS, Ms. Bradford was the Head of Human Resources at Investment Technology Group ("ITG") for five years. Ms. Bradford joined ITG from GE Money where she held a variety of Human Resource roles including the position of Human Resources Manager for the Irish and European Headquarters business and also worked with Citigroup in Dublin. Ms. Bradford holds a Master's degree in Business Studies specializing in Human Resources from the Michael Smurfit School of Business, University College Dublin and a Bachelor of Commerce degree from National University of Ireland, Galway.

Jennifer Creevey, Chief Financial Officer, DAE Capital

Ms. Creevey was appointed the Chief Financial Officer of DAE Capital in November 2017. Prior to this appointment, Ms. Creevey was Chief Accounting Officer at AWAS and has 12 years' experience at DAE (including AWAS) and more than 25 years' finance experience across a range of sectors, including aircraft leasing, banking and telecommunications, with responsibilities including corporate finance, investor relations, financial control, performance reporting and management accounting. Ms. Creevey is a Fellow of the Chartered Institute of Management Accountants and is a member of the Institute of Directors. Ms. Creevey has an MBA from the Dublin City University.

Michael Dowling, Chief Risk Officer, DAE Capital

Mr. Dowling was appointed Chief Risk Officer of DAE Capital in August 2017. With 12 years at DAE and over 20 years' experience in aviation, Mr. Dowling leads the risk and portfolio management functions. During his 12 years at AWAS and subsequently with DAE, Mr. Dowling has held various investment, underwriting and risk roles. Mr. Dowling holds an MBA from the Open University and a Bachelor of Engineering degree from University College Dublin, is a certified ISTAT aircraft appraiser and a chartered engineer with the Institute of Mechanical Engineers.

Lesley Jones, Chief Legal Officer

Ms. Jones was appointed as the Chief Legal Officer of DAE in August 2017 and is also the Company Secretary of DAE. Ms. Jones joined DAE in May 2008 and has over 25 years' legal experience. Ms. Jones holds a law degree from Staffordshire University, completed post graduate studies at the College of Law Chester and is admitted as a solicitor in England & Wales.

Antonio Lopes, Chief Technical Officer, DAE Capital

Mr. Lopes has worked with the AWAS and subsequently the DAE technical department since 1994 in several different roles including Customer Support Manager, Director of Transitions, SVP Technical Operations and Head of Technical & Asset Management. Prior to joining AWAS, Antonio worked with the airlines VASP and TNT in Brazil. Antonio holds an MBA from Fundacao Getulio Vargas (FGV) in Sao Paulo, Brazil and a BS in Aeronautical Engineering from Instituto Tecnologico de Aeronautica (ITA) in Sao Jose dos Campos, Brazil.

Jennifer Moulton, Global Head of Sales, DAE Capital

Ms. Moulton was appointed as Global Head of Sales in August 2019. Prior to this appointment she held the position of Head of Europe and MEASA Sales at DAE Capital. Prior to DAE Capital, Ms. Moulton worked with AWAS for 17 years, most recently as Managing Director EMEA Sales. Prior to AWAS she worked in various aircraft leasing roles at a financial institution and other leasing company. Prior to her aircraft leasing career, she held a number of positions in the audit department of KPMG. Ms. Moulton holds a joint honors Bachelor of Arts degree in Economics and Geography from the University of Dublin, Trinity College. She is a fellow of the Institute of Chartered Accountants in Ireland, as well as a member of the Institute of Directors in Ireland.

Alexander Rasnavad, Chief Strategy Officer, DAE Capital

Mr. Rasnavad was appointed Chief Strategy Officer of DAE Capital in September 2018. Prior to this appointment, Mr. Rasnavad was Head of Trading for DAE Capital and AWAS, initially based in Singapore and then in Dublin. Prior to AWAS, Mr. Rasnavad worked on the advisory side with Sky Works Capital in the United States and then in Hong Kong providing advisory services to airlines, lessors and financial institutions on areas of aircraft financing, acquisitions and strategic projects. Mr. Rasnavad has over 15 years' experience in the aviation industry.

Daniel Stone, Executive Vice President, DAE Capital

Mr. Stone joined DAE Capital in 2014 and is responsible for overseeing DAE's Aircraft Investor Services unit, a separate unit dedicated to servicing the needs of debt and equity investors in aviation assets. Mr. Stone also oversees DAE's branding and communications, insurance and lease operations functions. Mr. Stone has more than 20 years' experience in aircraft leasing and financing and holds a Master of Public

Policy degree from the University of California at Berkeley and a Bachelor's degree from the John Hopkins University.

Fiona Taaffe, Chief Information Officer, DAE Capital

Ms. Taaffe was appointed Chief Information Officer in May 2018. Prior to this appointment, Ms. Taaffe was Head of IT and Business Improvement. Ms. Taaffe joined AWAS in 2011. Prior to joining AWAS and subsequently DAE, Ms. Taaffe held the role of European CIO at CIT Vendor Finance. Ms. Taaffe has over 30 years' experience in manufacturing, banking and financial services. Ms. Taaffe holds a Bachelor of Commerce (Hons) degree from University College Galway, a Postgraduate Diploma (Hons) in Computer Science and a Diploma in Advanced Leadership Development from Cranfield University UK and a Diploma in Corporate Direction from the Institute of Directors. Ms. Taaffe is also a member of the Institute of Directors and a Fellow of the Irish Computer Society.

The business address of the executive officers of DAE is the registered office of DAE at Unit 302, Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates or Block B, Riverside IV, Sir John Rogerson's Quay, Dublin 2, Ireland.

No executive officer of DAE has any actual or potential conflicts of interest between the executive officer's private interests and the executive officer's duties to DAE.

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 Trustee and the Principal Paying Agent (as defined in the Conditions).

Master Purchase Agreement

The Master Purchase Agreement will be entered into on 16 November 2020 between the Trustee (in its capacity as Trustee and Purchaser) and the Obligor (in its capacity as Seller) and will be governed by English law. A supplemental purchase agreement (a "**Supplemental Purchase Agreement**") between the same parties will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by English law.

Pursuant to the Supplemental Purchase Agreement in respect of the relevant Series, the Seller will sell to the Purchaser and the Purchaser will purchase from the Seller, on the Issue Date all of the Seller's rights, title, interests, benefits and entitlements in, to and under each Aircraft Interest relating to the Initial Asset Portfolio at the relevant Purchase Price or the Additional Asset Portfolio, as the case may be.

Servicing Agency Agreement

The Servicing Agency Agreement will be entered into on 16 November 2020 between the Obligor (in its capacity as Servicing Agent) and the Trustee and will be governed by English law.

Services

Pursuant to the Servicing Agency Agreement, the Trustee will appoint the Servicing Agent to manage the Wakala Portfolio in respect of each Series. In particular, the Servicing Agent will undertake to provide, or will procure the provision of (as applicable) the following services during the Wakala Ownership Period (the "**Services**"):

- (a) it shall manage the Wakala Portfolio in accordance with the wakala services plan (the "**Wakala Services Plan**") set out in the schedule to the Servicing Agency Agreement, which shall be completed at the time of issue of the first Tranche of the relevant Series upon receipt from the Trustee of the relevant Supplemental Purchase Agreement;
- (b) if the Trustee issues an additional Tranche of Certificates pursuant to Condition 20 (*Further Issues*) (an "**Additional Tranche**"), it shall as soon as practicable after such issuance amend the Wakala Services Plan for that Series to take into account the issuance of such Additional Tranche;
- (c) it shall ensure that the Wakala Assets forming part of the Wakala Portfolio of the relevant Series will comprise only Eligible Wakala Aircraft Assets;
- (d) it shall ensure that, on the Issue Date of each Tranche of a Series, at least 51 per cent. of the Wakala Portfolio Value on such Issue Date is derived from Wakala Assets;
- (e) it shall, subject to the terms of the Servicing Agency Agreement, ensure that, at all times after the Issue Date of the first Tranche of a Series, at least 51 per cent. of the Wakala Portfolio Value is derived from Wakala Assets (the "**Minimum Tangible Asset Requirement**"). Should the Servicing Agent fail to ensure satisfaction of the Minimum Tangible Asset Requirement and:
 - (i) save where a Total Loss Event has occurred and the relevant Wakala Asset subject of such Total Loss Event has not been replaced, it shall:
 - (A) as soon as reasonably practicable appoint a Shari'a advisor (the "**Shari'a Advisor**"); and
 - (B) following consultation with the Shari'a Advisor, take such steps (in its capacity as Servicing Agent) as may be required to ensure the satisfaction of the Minimum Tangible Asset Requirement; and

- (ii) such failure continues for any reason (including where a Total Loss Event has occurred and the relevant Wakala Asset subject of such Total Loss Event has not been replaced) to the extent that less than 33 per cent. of the Wakala Portfolio Value is derived from Wakala Assets at any time, it shall: (A) notify the Principal Paying Agent in writing of such occurrence and confirm that it is, in consultation with the Shari'a Advisor, taking such measures (in its capacity as Servicing Agent) as may be required to ensure the satisfaction of the Minimum Tangible Asset Requirement; and (B) take any such measures (in its capacity as Servicing Agent) as advised by the *Shari'a* Advisor;
- (f) it shall use its reasonable endeavors to manage the Wakala Portfolio to ensure that the Wakala Portfolio Value is, at all times, not less than the aggregate face amount of the Certificates for the relevant Series then outstanding;
- (g) it shall procure that all Major Maintenance and Structural Repair is carried out in respect of the Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio of the relevant Series in accordance with the terms of the relevant Lease;
- (h) it shall do all acts and things (including the execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of, and compliance by, each Lessee with its covenants, undertakings or other obligations under the relevant Lease to which it is a party in accordance with applicable law and the terms of the relevant Lease, in each case in respect of the Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio of the relevant Series;
- (i) it shall discharge or procure the discharge of all obligations to be discharged by the Obligor (in whatever capacity) in respect of any of the Wakala Assets under all Leases, it being acknowledged that the Servicing Agent may appoint one or more agents to discharge these obligations on its behalf;
- (j) it shall pay on behalf of the Trustee any actual costs, expenses, losses and Taxes (other than Proprietorship Taxes) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;
- (k) it shall promptly pay, on behalf of the Trustee, all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Wakala Assets forming part of the Wakala Portfolio of the relevant Series by any relevant taxing authority and promptly, upon request, provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all Proprietorship Taxes paid by it;
- (l) it shall use its reasonable endeavors to ensure the timely receipt of all Wakala Portfolio Revenues (free and clear of, and without withholdings or deductions for, Taxes), investigate non-payment of Wakala Portfolio Revenues and generally use all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues under the relevant Lease as and when the same shall become due and shall record such Wakala Portfolio Revenues in the Collection Account in accordance with the terms of the Servicing Agency Agreement;
- (m) it shall use its reasonable endeavors to ensure that the Wakala Portfolio Revenues in respect of each Wakala Distribution Period (as defined in the Servicing Agency Agreement) are (following conversion into the Specified Currency relating to the relevant Series, if required, at the then applicable exchange rate) at least equal to the Expected Wakala Portfolio Return;
- (n) it shall maintain the Collection Account and the Reserve Account in accordance the Servicing Agency Agreement;
- (o) it shall obtain all necessary licenses, authorizations, consents and approvals in connection with its obligations under or in connection with the Servicing Agency Agreement;
- (p) it shall use all reasonable endeavors to ensure that all Lessees in respect of the relevant Wakala Assets maintain industry standard insurances and fulfil all repair and maintenance obligations in respect of the relevant Wakala Assets (each in accordance with the terms of the relevant Lease relating to such Wakala Assets);

- (q) in relation to each Eligible Wakala Aircraft Asset forming part of the Wakala Portfolio of the relevant Series:
- (i) subject always to paragraph (iii) below, the Servicing Agent will (on behalf of the Trustee):
 - (A) procure that the relevant Lessee insures each Eligible Wakala Aircraft Asset forming part of the Wakala Portfolio (the "**Insurances**") including against a Total Loss Event in accordance with the terms of the relevant Lease. The Servicing Agent undertakes to ensure that the aggregate of the insured amounts relating to a Total Loss Event corresponding to all Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio of such Series will, at all times, be at least equal to the Insured Value Amount;
 - (B) promptly make a claim in respect of each loss relating to the Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio in accordance with the terms of the Insurances (as defined in the Servicing Agency Agreement); and
 - (C) ensure that in the event of a Total Loss Event occurring, unless the relevant Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio has been replaced pursuant to paragraph (ii) below, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to such proportion of the Insured Value Amount corresponding to the Value of the affected Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio as a proportion of the Value of all Eligible Wakala Aircraft Assets forming part of the Wakala Portfolio and are credited in the Specified Currency to the Collection Account by no later than the last day of the six month period following the occurrence of the Total Loss Event;
 - (ii) by no later than the last day of the six month period following the occurrence of a Total Loss Event, the Servicing Agent shall use reasonable endeavors to procure the identification of available replacement Wakala Assets in relation to which the Obligor holds an Aircraft Interest free and clear of any Adverse Claim and the Value of which, when aggregated with the Value of any Wakala Assets not replaced at the relevant time, results in the Minimum Tangible Asset Requirement to be satisfied immediately following such replacement (the "**Replacement Wakala Aircraft Assets**"). Immediately following such identification, the Servicing Agent shall notify the Trustee of the same and the Trustee may, pursuant to and on the terms of a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement, purchase all of the Obligor's rights, title, interests, benefits and entitlements in, to and under the Aircraft Interests relating to the Replacement Wakala Aircraft Assets from the Obligor at a purchase price to be paid by the Servicing Agent on behalf of the Trustee using the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the Obligor; and
 - (iii) wherever the Servicing Agent procures Insurances in accordance with the terms of the Servicing Agency Agreement (including the renewal of any Insurances in existence on the Issue Date) it shall use its reasonable endeavors to obtain or procure that such Insurances are obtained on a takaful basis if such takaful insurance is available on commercially viable terms;; and
- (r) it shall carry out any incidental matters relating to any of the above that are reasonably necessary in the opinion of the Servicing Agent.

If, following the occurrence of a Total Loss Dissolution Event, the Servicing Agent fails to comply with its insurance-related obligations, and as a result of such breach the amount (if any) credited to the Collection Account pursuant to paragraph (q)(i)(C) above is less than the Insured Value Amount (the difference between the Insured Value Amount and the amount credited to the Collection Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent will:

- (a) transfer the amounts (if any) credited to the Collection Account in accordance with paragraph (q)(i)(C) above; and
- (b) 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 Servicing Agency Agreement relating to insurance) irrevocably and unconditionally undertake to pay the Total Loss Shortfall Amount,

in each case, directly to the Transaction Account (in same day, freely transferable, cleared funds) by no later than close of business in London on the day falling immediately after the expiry of the six month period following the occurrence of the Total Loss Dissolution Event.

The Servicing Agent will agree in the Servicing Agency Agreement to:

- (i) provide the Services in accordance with all applicable laws and regulations; and
- (ii) provide the Services with the degree of skill and care that it would exercise in respect of its own assets.

For these purposes:

"Adverse Claim" means any lien (other than any liens that may be permitted under the terms of the Lease relating to the relevant Eligible Wakala Aircraft Asset), pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect;

"Aircraft Asset" means, in relation to an Aircraft SPV, an aircraft (including the engines) which is owned (either directly or through an owner trust structure) by such Aircraft SPV;

"Aircraft SPV" means a special purpose vehicle whose shares are directly or indirectly wholly-owned by the Seller;

"Commodity Murabaha Investment" means, in relation to a Murabaha Contract, the sale of certain Commodities by the Seller to the Buyer, which Commodities were initially purchased by the Seller using the applicable Murabaha Investment Amount, pursuant to the Master Murabaha Agreement and having the terms set out in the relevant Murabaha Contract concluded pursuant thereto;

"Eligible Wakala Aircraft Asset" means an Aircraft Asset:

- (1) in respect of which no material breach by the relevant Lessee of its payment obligations under the Lease relating to the related Aircraft Asset has occurred and is continuing, which is material to payment obligations of the Obligor (in any capacity) then due under the Transaction Documents to which it is a party, as determined by the Obligor in its sole and absolute discretion;
- (2) in respect of which the obligations contained in the Lease entered into by the Lessee thereof constitutes legal, valid, binding and enforceable obligations of the Lessee thereof under the governing law of such Lease;
- (3) in respect of which the Seller is entitled to receive all payments due under the relevant Lease other than any payment relating to any Excluded Rights; and
- (4) in respect of which no event of default, termination event or analogous event under the terms of the relevant Lease has occurred and is continuing, which is material to the payment obligations of the Obligor (in any capacity) due under the Transaction Documents to which it is a party, as determined by the Obligor in its sole and absolute discretion;

"Excluded Rights" means all of the relevant Aircraft SPV's rights, title, interests, benefits and entitlements in, to and under the relevant Lease relating to any:

- (1) default-related amounts;
- (2) indemnity-related amounts or analogous amounts;
- (3) security deposit-related amounts or analogous arrangements;

- (4) maintenance-related amounts relating to the relevant Lessee's utilization of the Aircraft Asset (whether payable during, or at the end of, the term of the relevant Lease); and/or
- (5) insurance proceeds save as payable as a consequence of a Total Loss Event;

"Expected Wakala Portfolio Return" means, in relation to each Series, the amount referred to in the Wakala Services Plan;

"Insured Value Amount" means, in relation to each Series, an amount equal to the aggregate of:

- (1) the aggregate face amount of the Certificates then outstanding; plus
- (2) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus
- (3) an amount equal the Periodic Distribution Amounts relating to the Certificates which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on the date six months after the occurrence of the Total Loss Event or the Total Loss Dissolution Event, as the case may be; plus
- (4) to the extent not previously satisfied in accordance with the Servicing Agency Agreement, an amount equal to the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Servicing Agency Liabilities Amount; plus
- (5) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 5.2(a)); less
- (6) the aggregate amounts of Deferred Sale Price then outstanding (if any);

"Lease" means an operating lease agreement entered into by the relevant Aircraft SPV with a Lessee in relation to an Aircraft Asset;

"Lessee" means any lessee or other party to a Lease who has undertaken to make payments pursuant to the terms of such Lease;

"Major Maintenance and Structural Repair" means, in relation to each Series, all structural repair and major maintenance in respect of the Aircraft Assets relating to the Aircraft Interests that form part of the Wakala Portfolio applicable to that Series, including the doing of such acts or things and the taking of such steps to ensure that such Aircraft Assets suffer no damage or loss (excluding Ordinary Maintenance and Repair) without which such Aircraft Assets could not be reasonably and properly used by the relevant Lessee;

"Murabaha Investment Amount" means, in relation to each relevant Tranche, the Murabaha Percentage, as specified as such in the applicable Final Terms, being no more than 49 per cent. of the aggregate face amount of the Certificates of that Tranche;

"Ordinary Maintenance and Repair" means, in relation to each Series, all minor repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Aircraft Assets relating to the Aircraft Interests that form part of the Wakala Portfolio applicable to the relevant Series and to keep, repair, maintain and preserve such Aircraft Assets in good order, state and condition;

"Proprietorship Taxes" means, in relation to each Series, all taxes in relation to the Aircraft Assets relating to the Aircraft Interests that form part of the Wakala Portfolio applicable to the relevant Series by law imposed, charged or levied against a proprietor, but excluding all taxes that are by law imposed, charged or levied against a lessee;

"Taxes" means any present or future taxes, levies, imposts, duties, fees, assessments or other charges or withholdings of whatever nature, and Tax shall be construed accordingly;

"Total Loss Event" means, in respect of the relevant Aircraft Asset forming part of the Wakala Portfolio applicable to each Series:

- (1) the total loss or destruction of, or damage to all of such Aircraft Asset or any event or occurrence which renders all of such Aircraft Asset permanently unfit for economic use; or
- (2) the occurrence of any permanent expropriation, nationalization, requisition for title or confiscation of all of such Aircraft Asset;

"Total Loss Dissolution Event" means a Total Loss Event has occurred in relation to all the Aircraft Assets forming part of the Wakala Portfolio applicable to a Series and all the Wakala Assets forming part of the Wakala Portfolio have not been replaced, in accordance with the provisions of the Servicing Agency Agreement, within a six month period following a Total Loss Event having occurred in relation to all of such Aircraft Assets;

"Value" means, in relation to each Series, at any time, the amount in the Specified Currency determined by the Servicing Agent, as the context requires:

- (1) in respect of any Wakala Assets, the value of that Wakala Asset determined by the Obligor (in its sole and absolute discretion) on the basis of the market value or book value of the relevant Wakala Asset at the relevant time with the initial market value or book value of the relevant Wakala Asset set out in the Servicing Agency Agreement and/or the relevant Supplemental Purchase Agreement, Substitution Request, Substitution Notice and/or Sale Agreement, as the case may be; and
- (2) in respect of any Commodity Murabaha Investment applicable to the relevant Series, the aggregate of all amounts of the relevant Deferred Sale Price then outstanding and any other outstanding amounts payable in respect of such Commodity Murabaha Investment on or after the relevant date;

"Wakala Ownership Period" means, in relation to each Series, the period commencing on the Issue Date of the first Tranche of such Series and ending on the date on which all of the Certificates of that Series are redeemed in full; and

"Wakala Portfolio Value" means, in respect of the relevant Wakala Portfolio applicable to the relevant Series, the aggregate of: (i) the Value of each Wakala Asset; and (ii) the Value of each Commodity Murabaha Investment, each as calculated in accordance with paragraphs (1) and (2) of the definition of "Value", respectively.

Servicing Agency Liabilities Amount and Fees

The Trustee and the Servicing Agent agree that any Servicing Agency Liabilities Amount 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 Collection Account by the Servicing Agent on the Trustee's behalf pursuant to paragraph (ii) of the order of priority set out below under the heading "*Collection Accounts*" or otherwise on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed). For these purposes, "**Servicing Agency Liabilities Amount**" means, in relation to each Series, 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, but does not include any amount due to the Servicing Agent (or any third-party provider of a Liquidity Facility) under the Servicing Agency Agreement in respect of any Liquidity Facility.

The Obligor shall be entitled to receive a nominal fee for acting as Servicing Agent under the Servicing Agency Agreement. In addition, following payment of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an incentive payment for acting as Servicing Agent (the "**Incentive Payment**").

Asset Substitutions

In the Servicing Agency Agreement, the Trustee and the Servicing Agent agree that, provided no (i) Dissolution Event or Potential Dissolution Event has occurred and is continuing and (ii) Total Loss Dissolution Event has occurred:

- (i) the Obligor may at any time exercise its rights under the Sale Undertaking to substitute any one or more of the Wakala Assets as it may select in accordance with, and subject to, the conditions of the Servicing Agency Agreement and the Sale Undertaking; and
- (ii) if, at any time, the Minimum Tangible Asset Requirement in respect of such Series is not satisfied or, upon any Wakala Asset ceasing to be an Eligible Wakala Aircraft Asset, the Servicing Agent shall use its reasonable endeavors to substitute such Wakala Asset, 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 referred to in the Servicing Agency Agreement as the "**Collection Account**" and the "**Reserve Account**") in its books each of which shall be denominated in the Specified Currency relating to the relevant Series in which all Wakala Portfolio Revenues in relation to each Series will be recorded.

Amounts standing to the credit of the Collection Account relating to each Series will be applied by the Servicing Agent on behalf of the Trustee on each Wakala Distribution Determination Date in the following order of priority:

- (i) *first*, in repayment to the Servicing Agent or any third party of any amounts advanced to the Trustee by way of a Liquidity Facility;
- (ii) *second*, in payment of any due but unpaid Servicing Agency Liabilities Amount for the Wakala Distribution Period ending immediately before the immediately following Wakala Distribution Date (which is also a Periodic Distribution Date) and (if applicable) any Servicing Agency Liabilities Amounts for any previous Wakala Distribution Period that remain unpaid;
- (iii) *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 Collection Account; and
- (iv) any amounts still standing to the credit of the Collection Account immediately following payment of all of the above amounts, shall be debited from the Collection Account and credited to the Reserve Account.

Shortfalls

Amounts standing to the credit of the Reserve Account shall be applied by the Servicing Agent as follows:

- (i) if there will be a shortfall on a Wakala Distribution Determination Date (after payment of the relevant amounts standing to the credit of the Collection Account into the Transaction Account taking into account any other payments made or to be made into the Transaction Account pursuant to any other Transaction Document) 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 difference between such amounts being, a "**Shortfall**"), by paying into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Reserve Account (if any) an amount equal to the Shortfall (or such lesser amount as is then standing to the credit of the Reserve Account);
- (ii) the Servicing Agent may deduct amounts standing to the credit of the Reserve Account at any time during the Wakala Ownership Period and use such amounts for its own account, provided that it shall promptly re-credit all such amounts to the Reserve Account (for on-payment into the Transaction Account) if so required to fund a Shortfall or upon the occurrence of a Dissolution Event or, if applicable, a Total Loss Dissolution Event; and

- (iii) following payment in full of all amounts due and payable under the Certificates on any Dissolution Date upon which all (but not some only) of the Certificates of the relevant Series are to be redeemed, the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an Incentive Payment for acting as Servicing Agent.

Liquidity Facility

In the Servicing Agency Agreement, the Servicing Agent agrees that it may, following payments to the Transaction Account of the amounts credited to the Reserve Account in accordance with the provisions described at paragraph (i) under the heading "*Shortfalls*" and after payment to the Transaction Account of all other amounts payable pursuant to any other Transaction Document, either:

- (i) provide non-interest bearing (or otherwise *Shari'a* compliant) funding itself; or
- (ii) procure non-interest bearing (or otherwise *Shari'a* compliant) funding from a third party,

in each case, to the extent necessary to ensure that the Trustee receives, on each Wakala Distribution Determination Date, the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date, by payment of the same in the Specified Currency of the relevant Series into the Transaction Account, on terms that such funding is repayable: (a) from Wakala Portfolio Revenues in accordance with the provisions described at paragraph (i) under the heading "*Collection Accounts*"; or (b) the relevant Dissolution Date (such funding in relation to a Series, a "**Liquidity Facility**").

Payments under the Servicing Agency Agreement

The payment obligations of the Servicing Agent under the Servicing Agency Agreement will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions of Condition 6.2) unsecured obligations of the Servicing Agent which shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on 16 November 2020 by the Obligor in favor of the Trustee and the Delegate and will be governed by English law.

In relation to each Series, pursuant to the Purchase Undertaking, provided that no Total Loss Dissolution Event has occurred, the Obligor shall irrevocably grant the Trustee and the Delegate (on behalf of itself and the Certificateholders) the following rights:

- (a) provided that a Dissolution Event has occurred and a Dissolution Notice has been delivered in accordance with the Conditions, to require the Obligor to purchase on the Dissolution Event Redemption Date, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets applicable to the relevant Series at the Exercise Price specified in the Exercise Notice;
- (b) to require the Obligor to purchase, on the Scheduled Dissolution Date, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets applicable to the relevant Series at the Exercise Price specified in the Exercise Notice;
- (c) provided that: (i) a Certificateholder Put Right is specified as applicable in each applicable Final Terms (and Optional Dissolution Right is specified as not applicable in each applicable Final Terms); and (ii) one or more Certificateholders have exercised the Certificateholder Put Right in accordance with the Conditions, to require the Obligor to purchase on the Certificateholder Put Right Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Certificateholder Put Option Wakala Assets at the Certificateholder Put Option Exercise Price specified in the Exercise Notice;
- (d) provided that: (i) a Change of Control Put Right is specified as applicable in each applicable Final Terms; and (ii) one or more Certificateholders have exercised the Change of Control Put Right in accordance with the Conditions, to require the Obligor to purchase on the Change of Control Put

Right Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Change of Control Put Option Wakala Assets at the Change of Control Put Option Exercise Price specified in the Exercise Notice; and

- (e) to require the Obligor to assign, transfer and convey to the Trustee on the Substitution Date (as defined in the Purchase Undertaking), all of the Obligor's rights, title, interests, benefits and entitlements in, to and under the New Wakala Assets (as defined in the Purchase Undertaking), which shall be Eligible Wakala Aircraft Assets of a Value which when aggregated with the Value of any Wakala Assets not replaced or substituted on the Substitution Date, satisfies the Minimum Tangible Asset Requirement immediately following such substitution, provided that:
 - (i) no Dissolution Event or Potential Dissolution Event has occurred in respect of the relevant Series; and
 - (ii) in respect of the Substituted Wakala Assets (or any of them) no Exercise Notice has been delivered under the Purchase Undertaking nor has any Exercise Notice (as defined in the Sale Undertaking) been delivered under the Sale Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions,

in each case on an "as is" basis but free from any Adverse Claim and (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) otherwise on the terms and subject to the conditions of the Purchase Undertaking.

The Purchase Undertaking will provide that, pursuant to the exercise of any such rights, the Obligor will purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets, the Certificateholder Put Option Wakala Assets, the Change of Control Put Option Wakala Assets or the Substituted Wakala Assets (as applicable) at the Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price (as applicable):

- (i) paying a cash sum equal to the Exercise Price into the Transaction Account (in the Specified Currency relating to the relevant Series by wire transfer for same day value) on the Dissolution Event Redemption Date;
- (ii) paying a cash sum equal to the Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price (as applicable) into the Transaction Account (in the Specified Currency relating to the relevant Series by wire transfer for same day value) on the Payment Business Day immediately preceding the Scheduled Dissolution Date, the Certificateholder Put Right Date or the Change of Control Put Right Date (as applicable); and
- (iii) following payment of the relevant amount in full, enter into a sale agreement.

Pursuant to the Purchase Undertaking, the Obligor will covenant and undertake that if the Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price (as applicable) is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates, Certificateholder Put Option Certificates or Change of Control Put Option Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price (as applicable).

Sale Undertaking

The Sale Undertaking will be executed as a deed on 16 November 2020 by the Trustee in favor of the Obligor and will be governed by English law.

In relation to each Series, pursuant to the Sale Undertaking, provided that no Total Loss Dissolution Event has occurred, the Trustee will irrevocably grant to the Obligor the following rights:

- (a) provided that a Tax Event has occurred, to oblige the Trustee to sell, assign, transfer and convey to the Obligor on the Early Tax Dissolution Date specified in the Exercise Notice, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets applicable to the relevant Series at the Exercise Price in accordance with the terms thereof;
- (b) provided that Optional Dissolution Right is specified as applicable in each applicable Final Terms (and Certificateholder Put Right is specified as not applicable in each applicable Final Terms), to require the Trustee to sell, assign, transfer and convey to the Obligor on the Optional Dissolution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Optional Dissolution Wakala Assets at the Optional Dissolution Exercise Price specified in the relevant Exercise Notice;
- (c) following delivery of the Cancellation Certificates to the Registrar for cancellation pursuant to Condition 8.10 (*Cancellation*), to require the Trustee to assign, transfer and convey to the Obligor on the Cancellation Date (as defined in the Sale Undertaking) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets, provided that: (i) no Dissolution Event or Potential Dissolution Event has occurred in respect of the relevant Series; (ii) the Cancellation Wakala Assets are of a Value which is not greater than the aggregate face amount of the Cancellation Certificates less the Cancellation Proportion (as defined in the Sale Undertaking) of the aggregate amounts of the Deferred Sale Price (which for the purpose of this paragraph (c), shall exclude the profit amount forming part of such Deferred Sale Price) then outstanding, if any; (iii) in respect of the Cancellation Wakala Assets (or any of them), no Exercise Notice having otherwise been delivered under the Sale Undertaking nor has any Exercise Notice (as defined in the Purchase Undertaking) been delivered under the Purchase Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions; and (iv) the exercise of such right in relation to part only of the aggregate face amount of the Certificates in respect of the relevant Series then outstanding will not result in a breach of the Minimum Tangible Asset Requirement;
- (d) following payment in full of the Insured Value Amount in accordance with the Servicing Agency Agreement, to require the Trustee to assign, transfer and convey to the Obligor on the Total Loss Dissolution Date, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under, the Wakala Assets (other than the relevant Aircraft Assets relating to such Wakala Assets in existence immediately prior to the Total Loss Dissolution Event) (the "**Residual Wakala Assets**");
- (e) provided that Clean Up Call Right is specified as applicable in each applicable Final Terms, to require the Trustee to sell, assign, transfer and convey to the Obligor on the Clean Up Call Right Dissolution Date all the Trustee's rights, benefits, entitlements, title and interests in, to and under the Wakala Assets at the Exercise Price specified in the relevant Exercise Notice; and
- (f) to oblige the Trustee to transfer, assign and convey to the Obligor on any Substitution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets (as defined in the Sale Undertaking) against the transfer, assignment and conveyance to the Trustee of all of the Obligor's rights, title, interests, benefits and entitlements in, to and under the New Wakala Assets (as defined in the Sale Undertaking) provided that: (i) no Dissolution Event or Potential Dissolution Event has occurred in respect of the relevant Series; (ii) the New Wakala Assets (as defined in the Sale Undertaking) are of a Value which when aggregated with the Value of any Wakala Assets not replaced or substituted on the Substitution Date, satisfies the Minimum Tangible Asset Requirement immediately following such substitution; and (iii) in respect of the Substituted Wakala Assets (or any of them) no Exercise Notice has been delivered under the Sale Undertaking nor has any Exercise Notice (as defined in the Purchase Undertaking) been delivered under the Sale Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption of Certificates referred to therein has not occurred in accordance with the Conditions,

in each case, to be on an "as is" basis but free from any Adverse Claim and (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) otherwise on the terms and subject to the conditions of the Sale Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into between the Trustee (in its capacity as Seller) and the Obligor (in its capacity as Buyer) on 16 November 2020 and will be governed by English law.

Pursuant to the Master Murabaha Agreement, the Seller shall enter into a commodity purchase transaction with the Buyer using no more than 49 per cent. of the aggregate face amount of the Certificates of the relevant Tranche. The Seller shall agree and undertake that, on the receipt of a notice of request to purchase (the "**Notice of Request to Purchase**") from the Buyer, the Seller may purchase from the Commodity Supplier (as defined in the Master Murabaha Agreement) on each relevant Issue Date in accordance with the terms set out in the Notice of Request to Purchase certain commodities at the Commodity Purchase Price (as defined in the Master Murabaha Agreement). Following the purchase of the commodities by the Seller from the Commodity Supplier, and provided that the Seller has acquired title to, and actual or constructive possession of, the commodities, the Seller shall deliver to the Buyer by no later such Issue Date an offer notice (the "**Offer Notice**") detailing the terms of the offer for the sale of the commodities to the Buyer from the Seller by no later than the Murabaha Transaction Date.

Pursuant to the Master Murabaha Agreement, the Buyer shall irrevocably and unconditionally undertake to accept the terms of, countersign and deliver to the Seller any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Seller having acted on the request of the Buyer set out in the Notice of Request to Purchase) purchase from the Seller the relevant Commodities acquired by the Seller for the relevant Deferred Sale Price (to be paid in the Specified Currency and amounts and on the dates as specified in the Offer Notice) in accordance with the terms of Master Murabaha Agreement.

As soon as the Buyer has accepted the Seller's offer by countersigning the relevant Offer Notice: (i) a murabaha contract (a "**Murabaha Contract**") shall be created between the Seller and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement; (ii) the Seller shall sell and the Buyer shall purchase the commodities on the terms set out in the Offer Notice; and (iii) ownership of and all risks in and to the relevant commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

Master Trust Deed

The Master Trust Deed will be entered into between the Trustee, the Obligor and the Delegate on 16 November 2020 and will be governed by English law. Pursuant to the Master Trust Deed and the relevant Supplemental Trust Deed thereunder, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets of the relevant Series.

The Trust Assets of the relevant Series will comprise: (a) the Proceeds, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interests, benefits and other entitlements in, and to and under, the Wakala Assets relating to the relevant Series; (c) all of the Trustee's rights, title, interests, benefits and other entitlements, present and future, in, and to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price relating to the relevant Series under the Master Murabaha Agreement) (excluding: (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents to which it is a party; and (B) the covenant to the Trustee relating to the reimbursement of the fees and expenses incurred by the Trustee); and (d) all moneys standing to the credit of the Transaction Account, and all proceeds of the foregoing.

Pursuant to the Master Trust Deed and the relevant Supplemental Trust Deed thereunder, the Trustee will, *inter alia*:

- (a) hold the Trust Assets of the relevant Series upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates of the relevant Series held by each Certificateholder in accordance with the provisions of the Master Trust Deed, the relevant Supplemental Trust Deed thereunder and the Conditions; and

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

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

- (a) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any shareholders, directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the Trust Assets and no recourse shall be had for the payment of any amount due and payable thereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount under, 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;
- (b) the Trustee may from time to time (but always subject to the provisions of the Master Trust Deed), without the consent of the Certificateholders, create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single series, with the outstanding Certificates of the relevant Series, and that any additional Certificates which are to be created and issued so as to form a single series with the Certificates of the relevant Series shall be constituted by a Supplemental Trust Deed; and
- (c) on the date upon which additional Certificates are created and issued pursuant to the provisions described in paragraph (b) above and the Master Purchase Agreement (being the relevant Issue Date for that New Tranche), the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates of the relevant Series so created and issued, declaring that the Aircraft Interests in the Additional Asset Portfolio (as defined in the relevant Supplemental Purchase Agreement) and the Wakala Assets in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Certificates and, if applicable, each Commodity Murabaha Investment made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect thereto) in relation to the relevant Series are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Trust Deed.

Pursuant to the Master Trust Deed, the Obligor will also covenant and undertake that if the relevant Exercise Price, Certificateholder Put Option Exercise Price or Change of Control Put Option Exercise Price, as the case may be, relating to the relevant Series is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates of the relevant Series and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Option Exercise Price or the Change of Control Put Option Exercise Price, as the case may be, relating to the relevant Series.

In the Master Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate to be its delegate and 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 powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed. The appointment of such 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 of the Trust.

A Transaction Account will be established in relation to the relevant Series in the name of the Trustee. Moneys received in the Transaction Account will, *inter alia*, comprise payments of Periodic Distribution Amounts and/or Dissolution Distribution Amounts (if any) immediately prior to each Periodic Distribution Date and/or any Dissolution Date, as the case may be. The Master Trust Deed shall provide that all moneys

credited to the Transaction Account from time to time will be applied in the order of priority set out in the Conditions of the relevant Series.

Agency Agreement

The Agency Agreement will be entered into between, amongst others, the Trustee, the Obligor, the Delegate, the Principal Paying Agent, the Euro Registrar, the U.S. Registrar, the U.S. Paying Agent, and the Transfer Agents on 16 November 2020 and will be governed by English law.

Pursuant to the Agency Agreement: (i) each Registrar has agreed to be appointed as agent of the Trustee and has agreed, *inter alia*, to authenticate and deliver the Global Certificate in relation to the relevant Series and, if any, each Individual Certificate of the relevant Series; (ii) the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, *inter alia*, to pay all sums due under such Global Certificate; and (iii) the Transfer Agents have agreed to be appointed as agents of the Trustee and have agreed, *inter alia*, to effect requests to transfer all or part of the Global Certificate and issue Individual Certificates in accordance with each request.

On the Issue Date of each Series, the relevant Registrar will: (i) authenticate the Global Certificate in accordance with the terms of the Master Trust Deed; and (ii) deliver the Global Certificate to the Common Depository.

The Obligor shall cause to be deposited into the Transaction Account of the relevant Series any payment which may be due under the Certificates of the relevant Series in accordance with the Conditions of the relevant Series.

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 of the relevant Series, apply the moneys standing to the credit of the Transaction Account of the relevant Series in accordance with the order of priority set out in the Conditions of the relevant Series.

Shari'a Compliance

Each Transaction Document provides that each of the Trustee (to the extent it is a party to the relevant Transaction Document) and the Obligor (to the extent it is a party to the relevant Transaction Document), as the case may be, agrees that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Trustee, the Obligor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-Entry Systems

DTC

DTC has advised the Trustee that it is a limited purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "**banking organization**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Certificates among Direct Participants on whose behalf it acts with respect to Certificates accepted into DTC's book-entry settlement system ("**DTC Certificates**") as described below and receives and transmits distributions of principal and interest on DTC Certificates. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Certificates ("**Owners**") have accounts with respect to the DTC Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Certificates through Direct Participants or Indirect Participants will not possess Certificates, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Certificates.

Purchases of DTC Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Certificates on DTC's records. The ownership interest of each actual purchaser of each DTC Certificate ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Certificates, except in the event that use of the book-entry system for the DTC Certificates is discontinued.

To facilitate subsequent transfers, all DTC Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Certificates; DTC's records reflect only the identity

of the Direct Participants to whose accounts such DTC Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and profit payments on the DTC Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee or the relevant agent (or such other nominee as may be requested by an authorized representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and profit to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is a Dissolution Event under the Certificates, DTC will exchange the DTC Certificates for definitive Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Certificates purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Certificates by causing the Direct Participant to transfer the Participant's interest in the DTC Certificates, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Certificates to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Certificates at any time by giving reasonable notice to the Trustee or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Certificates are required to be printed and delivered.

The Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Certificates to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Certificates, will be required to withdraw its Certificates from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-Entry Ownership and Payment in Respect of DTC Certificates

The Trustee may apply to DTC in order to have any Tranche of Certificates represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Certificate (as defined herein), the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and profit in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Certificate. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Trustee expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Trustee also expects that payments by Participants to beneficial owners of Certificates will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Delegate, the Principal Paying Agent, the Registrars or the Trustee. Payment of principal, premium, if any, and profit, if any, on Certificates to DTC is the responsibility of the Trustee.

Transfers of Certificates Represented by Global Certificates

Transfers of any interests in Certificates represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Certificates represented by a Global Certificate to such persons may depend upon the ability to exchange such Certificates for Certificates in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Certificates represented by a Global Certificate accepted by DTC to pledge such Certificates to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Certificates may depend upon the ability to exchange such Certificates for Certificates in definitive form. The ability of any holder of Certificates represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Certificates may be impaired if the proposed transferee of

such Certificates is not eligible to hold such Certificates through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Certificates described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other hand, will be effected by the relevant clearing system in accordance with its rules and through action taken by the relevant Registrar, the Delegate, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Certificates of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Certificates of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the relevant Registrar, the Delegate, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Clearstream, Luxembourg or Euroclear accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Trustee, the Obligor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Certificates represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

General

The following is a general description of certain DIFC, EU and U.S. tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere. It is not intended and does not constitute tax advice. Prospective purchasers of Certificates are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Certificates, including, but not limited to, the consequences of receipt of payments under the Certificates and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any changes in law that might take effect after such date.

Dubai International Financial Centre

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 authorized 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 13 September 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 Trustee under the Certificates are subject to any DIFC tax, whether by withholding or otherwise.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in 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: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Certificates by a U.S. Holder or Non-U.S. Holder (each as defined below) that acquire such Certificates at initial issuance, that will hold the Certificates as capital assets within the meaning of Section 1221 of the Code (generally assets held for investment), and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of the U.S. federal income tax consequences of every type of Certificate which may be issued under the Program or the U.S. federal income taxation that may be relevant to the acquisition, ownership or disposition of Certificates by particular investors, including alternative minimum tax and Medicare contribution tax consequences. In particular, this summary does not address any U.S. federal income tax consequences other than income tax consequences, such as estate and gift tax consequences, and does not discuss all of the tax considerations that may be relevant to certain

types of investors subject to special treatment under the U.S. federal income tax laws (such as banks and other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, persons holding Certificates through partnerships or other entities treated as fiscally transparent for U.S. federal income tax purposes, tax-exempt organizations, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Certificates as a result of such income being recognized on an applicable financial statement, persons who have ceased to be U.S. citizens or to be taxed as U.S. lawful permanent residents and persons that will hold the Certificates as part of straddles, hedging, conversion or other integrated transactions, or as part of a synthetic security or constructive sale transaction for U.S. federal income tax purposes).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Certificates that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States, the District of Columbia, or any State thereof; (iii) an estate, the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. A "**Non-U.S. Holder**" is a beneficial owner of Certificates that is neither a U.S. Holder nor a partnership.

If a partnership (or any other entity treated as fiscally transparent for U.S. federal income tax purposes) holds Certificates, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Certificates.

This summary is based on the tax laws of the United States including the Code, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF CERTIFICATES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF THE ALTERNATIVE MINIMUM TAX AND ANY STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.

Classification of the Certificates

The Trustee generally intends to treat Certificates issued under the Program as debt. Certain Certificates, however, may be treated as equity or some other type of instrument for U.S. federal income tax purposes. The tax treatment of Certificates to which a treatment other than debt may apply will be discussed in a supplement to this Base Prospectus. Furthermore, the classification and treatment of amounts received on or in exchange for a Certificate that is treated as a contingent payment debt instrument is complex and depends upon facts and circumstances at the time the Certificate is issued and the precise terms and conditions of the Certificate. This summary does not discuss Certificates with a maturity of greater than 30 years, the impact of redenomination of a Certificate, and Certificates that by their terms may be retired for an amount less than their principal amount. The terms and material U.S. federal income tax treatment of certain Certificates that are subject to different U.S. federal income tax rules than discussed below will be set out in a supplement to this Base Prospectus (if applicable). Investors are directed to review a further discussion of the terms of the Certificates in a relevant supplement to this Base Prospectus (if applicable).

Pre-issuance accrued profit

If a portion of the price paid for a Certificate is allocable to profit that accrued prior to the date the Certificate is issued ("**pre-issuance accrued profit**"), the Company intends to take the position that, on the first profit payment date, a portion of the profit received in an amount equal to any pre-issuance accrued profit will be treated as a return of the pre-issuance accrued profit and not as a payment of profit on the Certificate. A U.S. Holder's basis in a Certificate will not include the portion of purchase price allocable to the pre-issuance accrued profit. Amounts treated as a return of pre-issuance accrued profit should not be taxable

when received. U.S. Holders should consult their own tax advisers with regard to the tax treatment of the pre-issuance accrued profit on a Certificate.

Payment of profit

Profit on a Certificate, whether payable in U.S. dollars or a currency other than U.S. dollars ("**foreign currency**" profit on a "**Foreign Currency Certificate**"), other than profit on a Discount Certificate that is not "qualified stated profit" (each as defined below under "*Original issue discount –General*"), will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Profit paid by the Trustee on the Certificates and original issue discount ("**OID**"), if any, accrued with respect to the Certificates (as described below under "*Original issue discount –General*") generally will constitute income from sources outside the United States for the purposes of the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Certificates (if applicable).

Original issue discount

General

A Certificate, other than a Certificate with a term of one year or less (a "**Short-Term Certificate**"), generally will be treated as issued with OID (a "**Discount Certificate**") if the excess of the Certificate's stated redemption price at maturity over its issue price is equal to or more than a *de minimis* amount (subject to the next sentence, 0.25 per cent. of the Certificate's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated profit before maturity (an "**installment obligation**") will be treated as a Discount Certificate if the excess of the Certificate's stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Certificate's stated redemption price at maturity multiplied by the weighted average maturity of the Certificate. A Certificate's weighted average maturity is the sum of the following amounts determined for each payment on a Certificate (other than a payment of qualified stated profit): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Certificate's stated redemption price at maturity. Generally, the issue price of a Certificate will be the first price at which a substantial amount of Certificates included in the issue of which the Certificate is a part is sold to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Certificate is the total of all payments provided by the Certificate that are not payments of qualified stated profit. A "**qualified stated profit**" payment generally is any one of a series of stated profit payments on a Certificate that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described under "*–Variable Profit Rate Certificates*"), applied to the outstanding principal amount of the Certificate (qualified stated profit). Solely for the purposes of determining whether a Certificate has OID, the Trustee will be deemed to exercise any call option that has the effect of decreasing the yield on the Certificate, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Certificate. If a Certificate has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Certificate, unless the U.S. Holder makes the election described under "*–Election to treat all profit as original issue discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Certificate's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Certificate.

U.S. Holders of Discount Certificates must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Certificates. The amount of OID includible in income by a U.S. Holder of a Discount Certificate is the sum of the daily portions of OID with respect to the Discount Certificate for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Certificate ("**accrued OID**"). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Certificate may be of any length selected by the U.S. Holder and may vary in length over the term of the Certificates as long as: (i) no accrual period is longer than one year; and (ii) each scheduled payment of profit or principal on the Certificate occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of: (a) the product

of the Discount Certificate's adjusted issue price at the beginning of the accrual period and the Discount Certificate's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated profit on the Certificate allocable to the accrual period. The adjusted issue price of a Discount Certificate at the beginning of any accrual period is the issue price of the Certificate increased by: (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Certificate that were not qualified stated profit payments.

Acquisition premium

A U.S. Holder that purchases a Discount Certificate for an amount less than or equal to the sum of all amounts payable on the Certificate after the purchase date, other than payments of qualified stated profit, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described under "*–Election to Treat All Profit as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Certificate immediately after its purchase over the Certificate's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Certificate after the purchase date, other than payments of qualified stated profit, over the Certificate's adjusted issue price.

Election to treat all profit as original issue discount

A U.S. Holder may elect to include in gross income all profit that accrues on a Certificate using the constant yield method described above under "*Original issue discount–General*", with certain modifications. For the purposes of this election, profit includes stated profit, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated profit, as adjusted by any amortizable bond premium (described under "*–Certificates purchased at a premium*") or acquisition premium. If a U.S. Holder makes this election for the Certificate, then, when the constant yield method is applied the issue price of the Certificate will equal its cost, the issue date of the Certificate will be the date of acquisition, and no payments on the Certificate will be treated as payments of qualified stated profit. This election generally will apply only to the Certificate with respect to which it is made and may not be revoked without the consent of the United States Internal Revenue Service ("**IRS**"). However, if the Certificate has amortizable bond premium, the U.S. Holder will be deemed to have made an election to apply amortizable bond premium against profit for all debt instruments with amortizable bond premium (other than debt instruments, the profit on which is excludible from gross income) held as at the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all profit on a Certificate is made with respect to a Market Discount Certificate (as defined below under "*–Market discount*"), the electing U.S. Holder will be treated as having made the election discussed under "*–Market discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the advisability and consequences of making this election.

Variable Profit Rate Certificates

Certificates that provide for profit at variable rates ("**Variable Profit Rate Certificates**") generally will bear profit at a qualified floating rate and thus will be treated as variable rate debt instruments under the U.S. Treasury regulations governing accrual of OID. A Variable Profit Rate Certificate will qualify as a variable rate debt instrument if: (i) its issue price does not exceed the total non-contingent principal payments due under the Variable Profit Rate Certificate by more than a specified *de minimis* amount; (ii) it provides for stated profit, paid or compounded at least annually, at: (a) one or more qualified floating rates; (b) a single fixed rate and one or more qualified floating rates; (c) a single objective rate; or (d) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (iii) it does not provide for any principal payments that are contingent (other than as described in (i) above).

A qualified floating rate is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Profit Rate Certificate is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Profit Rate Certificate (e.g., two or more qualified floating

rates with values within 25 basis points of each other as determined on the Variable Profit Rate Certificate's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Certificate.

An objective rate is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Trustee (or a related party) or that is unique to the circumstances of the Trustee (or a related party), such as dividends, profits or the value of the Trustee's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Trustee). Other variable profit rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of profit on a Variable Profit Rate Certificate will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Profit Rate Certificate's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Profit Rate Certificate's term. A qualified inverse floating rate is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Profit Rate Certificate provides for stated profit at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Profit Rate Certificate's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a current value of that rate. A current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Profit Rate Certificate that provides for stated profit at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a variable rate debt instrument, then any stated profit on the Certificate which is unconditionally payable in cash or property (other than debt instruments of the Trustee) at least annually will constitute qualified stated profit and will be taxed accordingly. Thus, a Variable Profit Rate Certificate that provides for stated profit at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a variable rate debt instrument generally will not be treated as having been issued with OID unless the Variable Profit Rate Certificate is issued at a true discount (i.e., at a price below the Certificate's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Profit Rate Certificate arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to: (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Profit Rate Certificate.

In general, any other Variable Profit Rate Certificate that qualifies as a variable rate debt instrument will be converted into an equivalent fixed rate debt instrument for the purposes of determining the amount and accrual of OID and the qualified stated profit on the Variable Profit Rate Certificate. Such a Variable Profit Rate Certificate must be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Profit Rate Certificate with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as at the Variable Profit Rate Certificate's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Profit Rate Certificate is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Profit Rate Certificate. In the case of a Variable Profit Rate Certificate that qualifies as a variable rate debt instrument and provides for stated profit at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Profit Rate Certificate provides for a qualified inverse floating rate).

Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Profit Rate Certificate as at the Variable Profit Rate Certificate's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Profit Rate Certificate is converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Variable Profit Rate Certificate is converted into an equivalent fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated profit, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument and a U.S. Holder of the Variable Profit Rate Certificate will account for the OID and qualified stated profit as if the U.S. Holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated profit or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of profit accrued or paid on the Variable Profit Rate Certificate during the accrual period.

Short-Term Certificates

In general, an individual or other cash basis U.S. Holder of a Short-Term Certificate is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated profit in income as the profit is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Certificates on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Certificate will be ordinary income to the extent of the OID accrued on a straight line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Certificates will be required to defer deductions for profit on borrowings allocable to Short-Term Certificates in an amount not exceeding the deferred income until the deferred income is realized.

For the purposes of determining the amount of OID subject to these rules, all profit payments on a Short-Term Certificate are included in the Short-Term Certificate's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Certificate as if the Short-Term Certificate had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Certificate. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market discount

A Certificate, other than a Short-Term Certificate, generally will be treated as purchased at a market discount (a "**Market Discount Certificate**") if the Certificate's stated redemption price at maturity or, in the case of a Discount Certificate, the Certificate's revised issue price, exceeds the amount for which the U.S. Holder purchased the Certificate by at least 0.25 per cent. of the Certificate's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Certificate's maturity (or, in the case of a Certificate that is an installment obligation, the Certificate's weighted average maturity). If this excess is not sufficient to cause the Certificate to be a Market Discount Certificate, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Certificate generally equals its issue price, increased by the amount of any OID that has accrued on the Certificate and decreased by the amount of any payments previously made on the Certificate that were not qualified stated profit payments.

Any gain recognized on the maturity or disposition of a Market Discount Certificate (including any payment on a Certificate that is not qualified stated profit) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Certificate. Alternatively, a U.S. Holder of a Market Discount Certificate may elect to include market discount in income currently over the life of the Certificate. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may

not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Certificate that does not elect to include market discount in income currently generally will be required to defer deductions for profit on borrowings incurred to purchase or carry a Market Discount Certificate that is in excess of the profit and OID on the Certificate includible in the U.S. Holder's income, to the extent that this excess profit expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Certificate was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This constant yield election applies only to the Market Discount Certificate with respect to which it is made and is irrevocable.

Certificates purchased at a premium

A U.S. Holder that purchases a Certificate for an amount in excess of its principal amount (or, for a Discount Certificate, its stated redemption price at maturity) may elect to treat the excess as amortizable bond premium, in which case the amount required to be included in the U.S. Holder's income each year with respect to profit on the Certificate will be reduced by the amount of amortizable bond premium allocable (based on the Certificate's yield to maturity) to that year. Any election to amortize bond premium shall apply to all bonds, (other than bonds, the profit on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Please see also "*Election to treat all profit as original issue discount*". A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will generally recognize a capital loss when the Certificate matures.

Purchase, sale and retirement of certificates

A U.S. Holder's tax basis in a Certificate generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Certificate and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Certificate, and reduced by: (i) the amount of any payments that are not qualified stated profit payments; and (ii) the amount of any amortizable bond premium applied to reduce profit on the Certificate.

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Certificate equal to the difference between the amount realized on the sale or retirement and the tax basis of the Certificate. Amounts realized on the sale or retirement of a Certificate do not include accrued but unpaid qualified stated profit, which is taxable as interest income to the extent not previously included in income. Except to the extent described under "*Original issue discount –Market Discount*" or "*Original issue discount –Short-Term Certificates*" or attributable to accrued but unpaid profit or changes in exchange rates (as discussed below), gain or loss recognized on the sale or retirement of a Certificate will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Certificates are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Benchmark Event

Certain terms of the Certificates relating to a Benchmark Event could be viewed as contingencies that affect the amount of payments for purposes of the contingent payment debt instrument rules. The Trustee intends to take the position that these terms do not cause the Certificates to be contingent payment debt instruments. This determination, however, is not binding on the IRS and if the IRS were to successfully challenge this determination, a U.S. Holder may be subject to the rules discussed below (as described under "*Contingent payment debt instruments*"). U.S. Holders should consult with their tax advisers about the potential impact of these terms in their particular circumstances.

It is possible that a Benchmark Event could be treated as a deemed disposition of Certificates by a U.S. Holder in exchange for new certificates. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new certificates (as determined for U.S. federal income tax purposes),

and the U.S. Holder's tax basis in the Certificates. Depending on their issue price, the new certificates may be issued with OID or premium for U.S. federal income tax purposes. Please see "*Original issue discount – General*" and "*Original issue discount – Certificates purchased at a premium*" for a discussion of these rules. Recently released proposed Treasury regulations generally would increase the number of circumstances in which the modification of the terms of a debt instrument will not be treated as a taxable deemed exchange for U.S. federal income tax purposes. Although the proposed Treasury regulations generally will not be effective until the date of publication of a Treasury decision adopting these rules as final regulations in the Federal Register, a taxpayer generally is permitted to elect to rely on these provisions currently so long as the taxpayer and its related parties consistently apply these proposed Treasury regulations prior to that date. U.S. Holders should consult with their tax advisers regarding the potential applicability of these rules to their particular situations.

Contingent payment debt instruments

If the terms of the Certificates provide for certain contingencies that affect the timing and amount of payments (including Certificates with a variable rate or rates that do not qualify as "variable rate debt instruments" for the purposes of the OID rules), the Certificates generally will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Certificates qualifies as qualified stated profit. Rather, a U.S. Holder must account for profit for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Certificate and the Certificate's "projected payment schedule" as described below. The comparable yield is determined by the Trustee at the time of issuance of the Certificates. The comparable yield may be greater than or less than the stated profit, if any, with respect to the Certificates. Solely for the purpose of determining the amount of profit that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Trustee will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield. The Trustee's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

Neither the comparable yield nor the projected payment schedule constitutes a representation by the Trustee or the Trustee regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Trustee in determining profit accruals and adjustments unless the U.S. Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, will be required to accrue profit on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognize profit equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of profit in respect of the contingent payment debt instrument that a Holder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
 - the amount of all previous profit inclusions under the contingent payment debt instrument over
 - the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the limitations imposed on miscellaneous deductions (which generally cannot be deducted in taxable years beginning prior to 1 January 2026 and are subject to a 2 per cent. floor limitation for subsequent taxable years). Any net negative adjustment in excess of the amounts described above will be carried forward to offset future profit in respect of the contingent payment debt instrument or to reduce the amount realized on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of profit or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Certificate that is a contingent payment debt instrument generally will be the acquisition cost of the Certificate, increased by the profit previously accrued by the U.S. Holder on the Certificate under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Certificate. A U.S. Holder generally will treat any gain as profit, and any loss as ordinary loss to the extent of the excess of previous profit inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a U.S. Holder recognizes loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS (as described under "*Taxation – United States Federal Income Taxation – reporting requirements*").

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The U.S. Holder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments the payments of profit or principal on which are denominated in or determined by reference to a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, Foreign Currency Contingent Payment Debt Instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Contingent Payment Debt Instruments.

Foreign currency Certificates

Profit

If a profit payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the profit payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognized with respect to a profit payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the profit accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of profit is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued profit into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of a profit payment (including a payment attributable to accrued but unpaid profit upon the sale or retirement of a Certificate) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Certificate that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated profit accrued by an accrual basis U.S. Holder, as described above under "*Profit*". Upon receipt of an amount attributable to OID (whether in connection with a payment on the Certificate or a sale of the Certificate), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market discount

Market Discount on a Certificate that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognize U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued profit or OID. A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the disposition or maturity of the Certificate, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond premium

Bond premium (including acquisition premium) on a Certificate that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce profit income in units of the foreign currency.

On the date bond premium offsets profit income, a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Certificates were acquired by the U.S. Holder.

Purchase, sale and retirement of Certificates

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Certificate equal to the difference between the amount realized on the sale or retirement and its tax basis in the Certificate. A U.S. Holder's tax basis in a Foreign Currency Certificate will be determined by reference to the U.S. dollar cost of the Certificate. The U.S. dollar cost of a Certificate purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Certificates traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Certificates traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Certificate equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Certificate: (i) on the date of sale or retirement; and (ii) on the date on which the U.S. Holder acquired the Certificate. Any exchange rate gain or loss recognized on the sale

or retirement of a Certificate (including any exchange rate gain or loss with respect to the receipt of accrued but unpaid profit and OID in the transaction) shall be realized only to the extent of the total gain or loss realized on the transaction.

Disposition of foreign currency

Foreign currency received as profit on a Certificate or on the sale or retirement of a Certificate will have a tax basis equal to its U.S. dollar value at the time the profit is received or at the time of the sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Certificates or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup withholding and information reporting

In general, payments of principal, profit and accrued OID on, and the proceeds of a sale, exchange, redemption or other disposition of, Certificates, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary, may be subject to information reporting to the IRS. Backup withholding in respect of such payments will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status to a paying agent or other intermediary or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS in the manner required.

Other reporting requirements

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS by attaching Form 8886 to its tax return and retaining a copy of all documents and records relating to the transaction. The scope and application of these rules is not entirely clear and whether an investment in a Certificate constitutes a "reportable transaction" for any holder depends on the holder's particular circumstances. For example, a U.S. Holder may be required to treat a foreign currency exchange loss from the Certificates as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of Certificates constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of Certificates and should be aware that the Group (or other participants in the transaction) may determine that the investor list maintenance requirement applies to the transaction and comply accordingly with this requirement.

U.S. Holders should consult their own tax advisers regarding any filing or reporting requirements that may apply to their purchase, ownership and disposition of Certificates. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

Taxation of Non-U.S. Holders

Subject to the discussion below under "*Foreign Account Tax Compliance Act*" and "*Backup withholding and information reporting*", a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Certificates and gain from the sale, redemption or other disposition of the Certificates unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realized on the sale or exchange of a Certificate by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of owning Certificates.

Backup withholding and information reporting

In general, payments of principal, profit and accrued OID on, and the proceeds of a sale, exchange, redemption or other disposition of, Certificates, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary, may be subject to information reporting to the IRS. Backup withholding in respect of such payments will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status to a paying agent or other intermediary or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Holder's particular situation. Holders should consult their tax advisers with respect to the tax consequences to them of the ownership and disposition of the Certificates, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

FATCA

Pursuant to FATCA, a foreign financial institution may be required to withhold on certain payments it makes ("**foreign passthru payments**", a term not defined as at the date of this Base Prospectus) to persons that fail to meet certain certification, reporting or related requirements. The Trustee is a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Certificates characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register (the "**grandfathering date**") generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts or indemnify any person as a result of any FATCA withholding.

CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), impose certain restrictions on: (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) that are subject to Part 4, Title I of ERISA; (ii) "plans" (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans (together with (i), "**Plans**"); (iii) persons or entities whose underlying assets include, or are deemed to include under the U.S. Department of Labor (the "**DOL**") regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), for purposes of Title I of ERISA or Section 4975 of the Code, "plan assets" by reason of a Plan's investment in such persons or entities (each of (i)-(iii), a "**Benefit Plan Investor**"); and (iv) persons who have certain specified relationships to a Plan, including the Plan's fiduciaries and other service providers ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code; collectively, "**Parties in Interest**"). ERISA also imposes certain duties on persons who are fiduciaries of Plans that are subject to Title I of ERISA, and Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and Parties in Interest. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving the assets of a Benefit Plan Investor and Parties in Interest, unless a statutory or administrative exemption is available. Parties in Interest that participate in a non-exempt prohibited transaction may be subject to penalties imposed under ERISA and/or excise taxes imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. In addition, the fiduciary of the Benefit Plan Investor that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

"Governmental plans" (as defined in Section 3(32) of ERISA), "church plans" (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to any federal, state, local or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"). Accordingly, fiduciaries on any such plans should consult with their counsel before purchasing the Certificates (or any interest therein).

The Plan Asset Regulation sets out the standards that will apply for determining what constitutes the assets of a Benefit Plan Investor with respect to the Benefit Plan Investor's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Benefit Plan Investor invests in an "**equity interest**" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Benefit Plan Investor's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "**significant**". The Plan Asset Regulation generally defines equity participation in an entity by Benefit Plan Investors as "**significant**" if 25 percent or more of the total value of any class of equity interest in the entity is held by Benefit Plan Investors, excluding any interest held by (i) persons or entities (other than Benefit Plan Investors) that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (ii) "affiliates" thereof (as defined in paragraph (f)(3) of the Plan Asset Regulation). If the assets of the Trust were deemed to be assets of a Benefit Plan Investor or "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code, the Trustee, and any other party with discretionary control over such assets, would be subject to certain fiduciary obligations under ERISA and certain transactions that the Trust might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Accordingly, each initial purchaser and subsequent transferee of the Certificates (or any interest therein) and each subsequent transferee will be deemed to have acknowledged, represented, warranted and agreed, by its purchase or holding of Certificates (or any interest therein), that: (A) it is not, and is not acting on behalf of (and for so long as it holds Certificates (or any interest therein) will not be, and will not be acting on behalf of) (i) a Benefit Plan Investor or (ii) a governmental, church or non-U.S. plan that is subject to any Similar Law, unless, under this subsection (ii), its acquisition, holding and disposition of the

Certificates (or any interest therein) will not constitute or result in a violation of any applicable Similar Law or subject the Trust or any transaction thereby to any such Similar Law; and (B) it and any person causing it to acquire any of the Certificates (or any interest therein) agrees to indemnify and hold harmless the Trust, the Trustee Administrator, the Trustee, the Obligor, the Arrangers and the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a plan subject to any Similar Law. Each fiduciary of a Similar Law plan should consult with its legal or other advisors concerning the potential consequences to the plan under any applicable Similar Law of an investment in the Certificates (or any interest therein). This Base Prospectus is not directed to any particular investor, nor does it address the needs of any particular investor.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a program agreement (the "**Program Agreement**") dated 16 November 2020, agreed with the Trustee and the Obligor a basis upon which they or any of them may from time to time agree to purchase Certificates for their own account or for resale to investors and other purchasers at varying pricing relating to prevailing market prices at the time of resale as determined by any Dealer or for resale at a fixed offering price. Any such agreement will extend to those matters stated under "*Form of the Certificates*" and "*Terms and Conditions of the Certificates*".

In accordance with the terms of the Program Agreement, the Trustee (failing which, the Obligor) has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Program and the issue of Certificates under the Program and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

A Dealer may sell the Certificates it has purchased from the Trustee as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with such purchase. Such Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. The Dealers may propose initially to offer the Certificates at the issue price set forth in the applicable Final Terms. After the initial offering of the Certificates, the issue price (in the case of the Certificates to be resold at a fixed offering price), the concession and the re-allowance may be changed.

In order to facilitate the offering of any Tranche of the Certificates, certain persons participating in the offering of the Tranche may engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Certificates. Specifically, such persons may create a short position in the Certificates for their own account by selling more Certificates than have been sold to them by the Trustee. Such persons may also elect to cover any such short position by purchasing Certificates in the open market. In addition, such persons may stabilize or maintain the price of the Certificates by bidding for or purchasing Certificates in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Certificates are reclaimed if Certificates previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Certificates to the extent that it discourages re-sales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations, stabilizing activities may only be carried on by the Stabilization Manager(s) named in the relevant subscription agreement (or persons acting on behalf of any Stabilization Manager(s)) or, as the case may be, named in the relevant Final Terms, and only for a limited period following the Issue Date of the relevant Tranche of Certificates.

Certain of the Dealers and their affiliates are also lenders to the Group and the proceeds of the Certificates may be partially or wholly used for the refinancing of the Group's existing indebtedness. Moreover, certain of the Dealers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Trustee, the Obligor or their respective affiliates (including, without limitation, in respect of the Facility Agreement). They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligor or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Obligor or their respective affiliates routinely hedge their credit exposure to the Trustee, the Obligor or their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Trustee's, the Obligor's or their respective affiliates' securities, including potentially the Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Certificates offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Transfer Restrictions

As a result of the following restrictions, purchasers of Certificates in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Certificates.

Each purchaser of Certificates (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented, warranted and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB that is also a QP, purchasing (or holding) the Certificates for its own account or for the account of one or more QIBs that are also QPs in a minimum principal amount, in each case, of U.S.\$200,000 (or the equivalent amount in a foreign currency) and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is an Institutional Accredited Investor purchasing (or holding) the Certificates for its account or for the account of an Institutional Accredited Investor in a minimum principal amount, in each case, of U.S.\$500,000 (or the equivalent amount in a foreign currency) and which has delivered an IAI Investment Letter to the U.S. Registrar that is also a QP; or (c) it is outside the United States and is not a U.S. person;
- (ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers;
- (iii) that it is not formed for the purpose of investing in the Trustee;
- (iv) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Certificates;
- (v) that it understands that the Trustee may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (vi) that the Certificates are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Certificates and the Master Trust Deed have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, accordingly, the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except as set forth below;
- (vii) that, unless it holds an interest in an Unrestricted Global Certificate and is a non-U.S. person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Certificates or any beneficial interests in the Certificates, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act: (a) to the Trustee or any affiliate thereof; (b) inside the United States to a person whom the seller reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP in a transaction meeting the requirements of Rule 144A; (c) to an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is also a QP in a private placement exempt from the registration requirements under the Securities Act; (d) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (e) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or any other available exemption from the registration requirement of the Securities Act; or (f) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (viii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Certificates from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;
- (ix) that Certificates initially offered in the United States to QIBs that are also QPs will be represented by one or more Restricted Global Certificates, that Certificates offered to Institutional Accredited Investors that are also QPs will be in the form of Definitive IAI Restricted Certificates and that

Certificates offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates;

- (x) that it understands that the Trustee has the power to compel any beneficial owner of Certificates represented by a Restricted Global Certificate that is a U.S. person and is not a QIB that is also a QP to sell its interest in such Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honor the transfer of an interest in any Restricted Global Certificate to a U.S. person who is not a QIB that is also a QP. Any purported transfer of an interest in a Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xi) that it understands that the Trustee has the power to compel any beneficial owner of Definitive IAI Restricted Certificates that is a U.S. person and is not an Institutional Accredited Investor that is also a QP to sell its interest in such Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honor the transfer of a Definitive IAI Restricted Certificate to a U.S. person who is not an Institutional Accredited Investor that is also a QP. Any purported transfer of an Individual Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xii) that: (a) it is not and is not acting on behalf of (i) a Benefit Plan Investor or (ii) a governmental, church or non-U.S. plan that is subject to any Similar Law, unless, under this subsection (ii), the purchase and holding of the Certificate would not result in a violation of any applicable Similar Law or subject the Trust or any transaction thereby to any such Similar Law; and (b) it will not sell or otherwise transfer any Certificates or interest to any person unless the same foregoing representations and warranties apply to that person;
- (xiii) that the Certificates in registered form, other than the Unrestricted Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the Trustee:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, NONE OF THE TRUSTEE OR ANY OBLIGOR HAS REGISTERED OR INTENDS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT: (1) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "**QIB**") THAT IS ALSO A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT (A "**QP**"), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS THAT ARE QPS IN A MINIMUM PRINCIPAL AMOUNT, IN EACH CASE, OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY); OR (2) IT IS AN INSTITUTIONAL "**ACCREDITED INVESTOR**" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**") THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$500,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) AND THAT IT IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE TRUSTEE; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE TRUSTEE OR AN AFFILIATE OF THE TRUSTEE WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (1) TO THE TRUSTEE OR ANY AFFILIATE THEREOF; (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS: (I) A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR

FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; OR (II) AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL INVESTOR THAT IS ALSO A QP; (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT ("**RULE 144**") (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY.

ANY RESALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP, THE TRUSTEE MAY: (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO: (I) IS A U.S. PERSON WHO IS A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT; OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S; OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE TRUSTEE AT A PRICE EQUAL TO THE LESSER OF: (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE; (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF; OR (Z) THE FAIR MARKET VALUE THEREOF. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE. NONE OF THE TRUSTEE OR ANY OBLIGOR HAS REGISTERED AND NONE OF THEM INTENDS TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

BY ACCEPTING THIS CERTIFICATE (OR ANY INTEREST HEREIN) EACH BENEFICIAL OWNER HEREOF, AND EACH FIDUCIARY ACTING ON BEHALF OF THE BENEFICIAL OWNER (BOTH IN ITS INDIVIDUAL AND CORPORATE CAPACITY), WILL BE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED, WARRANTED AND AGREED THAT: (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF) (i) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (ii) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**CODE**")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE (iii) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR

PLAN'S INVESTMENT IN THE PERSON OR ENTITY (EACH OF (i)-(iii), A "**BENEFIT PLAN INVESTOR**") OR (iv) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), UNLESS, UNDER THIS SUBSECTION (iv), ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY APPLICABLE SIMILAR LAW OR SUBJECT THE TRUST OR ANY TRANSACTION THEREBY TO ANY SUCH SIMILAR LAW; AND (B) IT AND ANY PERSON CAUSING IT TO ACQUIRE THIS CERTIFICATE (OR ANY INTEREST HEREIN) SHALL INDEMNIFY AND HOLD HARMLESS THE TRUST, THE TRUSTEE ADMINISTRATOR, THE TRUSTEE, THE OBLIGOR, THE ARRANGERS AND THE DEALERS AND THEIR RESPECTIVE AFFILIATES FROM ANY COST, DAMAGE OR LOSS INCURRED BY THEM AS A RESULT OF IT BEING OR BEING DEEMED TO BE A BENEFIT PLAN INVESTOR OR A PLAN SUBJECT TO ANY SIMILAR LAW. NO PURCHASE BY OR TRANSFER TO A BENEFIT PLAN INVESTOR OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) WILL BE EFFECTIVE, AND NEITHER THE TRUSTEE NOR THE DELEGATE WILL RECOGNIZE ANY SUCH ACQUISITION OR TRANSFER.

THE TRUSTEE MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (xiv) that the Certificates in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Trustee:

"UNLESS THIS GLOBAL CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("**DTC**"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS

GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

- (xv) if it holds an interest in an Unrestricted Global Certificate, that if it should resell or otherwise transfer the Certificates prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Certificates of the Tranche of which it forms part), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB that is also a QP in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Unrestricted Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Trustee:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE CERTIFICATES OF THE TRANCHE OF WHICH THIS CERTIFICATE FORMS PART."; and

- (xvi) that the Trustee, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Trustee; and if it is acquiring any Certificates as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Please see "*Form of the Certificates*".

Institutional Accredited Investors that are also QPs who purchase Certificates offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the U.S. Registrar an IAI Investment Letter and will only be entitled to receive Definitive IAI Restricted Certificates.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of this Base Prospectus and such other information as it deems necessary in order to make its investment decisions;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Certificates is subject to certain restrictions and conditions set forth in this Base Prospectus and the Certificates (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Certificates except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Certificates;
- (iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is also a qualified purchaser within the meaning of Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Certificates, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

- (v) that the Institutional Accredited Investor is acquiring the Certificates purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor that is also a QP) as to each of which it exercised sole investment discretion and not with a view to any distribution of the Certificates, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that, in the event that the Institutional Accredited Investor purchases Certificates, it will acquire Certificates having a minimum purchase price of at least U.S.\$500,000 (or the equivalent amount in a foreign currency).

No sale of Legended Certificates in the United States to any one purchaser will be for less than U.S.\$200,000 (or the equivalent amount in a foreign currency) principal amount or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (or the equivalent amount in a foreign currency) principal amount and no Legended Certificate will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the equivalent amount in a foreign currency) or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (or the equivalent amount in a foreign currency) principal amount of Certificates.

Selling Restrictions

Dubai International Financial Centre ("DIFC")

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered and will not offer the Certificates to any person in the DIFC unless such offer is:

- (i) an "**Exempt Offer**" in accordance with the Markets Rules; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) 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.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or

to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

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

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence; or
- (ii) 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
- (iii) a government, supranational organization, central bank or other national monetary authority or a state organization 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 that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 1-104-2019 dated 30 September 2019 (the "**KSA Regulations**"), made through a person authorized by the Capital Market Authority to carry on the securities activity of arranging and following a notification to the Capital Market Authority under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Program will be required to represent and agree, that any offer of Certificates made by it to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorized person appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 15 of the KSA Regulations.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Certificates have not been and will not be offered or sold by it, and no invitation to subscribe for or purchase the Certificates has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b) and Part I of 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.

Singapore

This Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (A) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37(A) of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that no Certificates will be offered by it in Kuwait unless all necessary approvals from the Kuwait Capital Markets Authority pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing, and sale, of the Certificates.

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the

State of Qatar (including the Qatar Financial Centre). This Base Prospectus (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

Switzerland

Neither this Base Prospectus nor any other offering or marketing material relating to the Certificates constitutes a prospectus pursuant to the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Certificates to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that: (i) the Certificates may not be publicly offered, sold or advertised by it, directly or indirectly, in or from Switzerland within the meaning of the FinSA; and (ii) neither this Base Prospectus nor any other offering or marketing material relating to the Certificates may be publicly distributed or otherwise made publicly available by it in Switzerland.

United Arab Emirates (excluding the DIFC)

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) in relation to any Certificates which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

Each Dealer acknowledges, and each further Dealer appointed under the Program will be required to acknowledge, that the Certificates has not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered and sold and shall not offer and sell Certificates of any Series: (i) as part of their distribution at any time; and (ii) otherwise until 40 days after the completion of the distribution of all Certificates of the tranche of which such Certificates are a part within the United

States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, neither it, nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Certificates, and it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer agrees that at or prior to confirmation of sale of Unrestricted Global Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Certificates covered hereby 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 or sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of Certificates of which such Certificates are a part, except in either case in a transaction exempt from or not subject to the registration requirements of the Securities Act to a person: (a) that the seller reasonably believes is a "**qualified institutional buyer**" (within the meaning of Rule 144A under the Securities Act) that is also a "**qualified purchaser**" (as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended); or (b) that is an institutional "**accredited investor**" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is also a qualified purchaser. Terms used above have the meanings given to them by Regulation S under the Securities Act".

Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with any offer and sale of the Certificates in the United States.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it is a QIB that is also a QP. Each Dealer may, through its respective U.S. registered broker-dealer affiliates, arrange for the offer and resale of the Certificates in the United States only to QIBs that are also QPs or to Institutional Accredited Investors that are also QPs in a transaction not involving any public offering.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has offered and sold and will offer and sell the Certificates in the United States only to persons: (i) whom it reasonably believes are QIBs that are also QPs; or (ii) who are Institutional Accredited Investors that are also QPs who, in the case of both (i) and (ii) can represent that: (A) they are either QIBs that are also QPs, or Institutional Accredited Investors that are also QPs, as the case may be; (B) they are not broker-dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (C) they are not a participant-directed employee plan, such as a 401(k) plan; (D) they are acting for their own account, or the account of one or more QIBs or Institutional Accredited Investors, as the case may be, each of which is a QP; (E) they are not formed for the purpose of investing in the Trustee; (F) each account for which they are purchasing will hold and transfer, in the case of QIBs that are also QPs at least U.S.\$200,000 in principal amount of Certificates, and in the case of Institutional Accredited Investors that are also QPs at least U.S.\$500,000 in principal amount of Certificates at any time; (G) they understand that the Trustee may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) they will provide notice of the transfer restrictions set forth in this Base Prospectus to any subsequent transferees.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that neither it, nor any of its affiliates nor any person acting on its or their behalf has entered into and will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of Certificates, except with its affiliates or with the prior written consent of the Trustee and the Obligor.

Until 40 days after the commencement of the offering of any Tranche of Certificates, an offer or sale of such Certificates within the United States by any dealer (whether or not participating in the offering) may

violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

To the extent that the Trustee is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Trustee has agreed to furnish to holders of Certificates and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Dealers may also arrange for the resale of Certificates to persons who are Institutional Accredited Investors who execute and deliver to the U.S. Registrar an IAI Investment Letter and are QPs. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Certificates will be issued in definitive registered form.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will, to the best of its knowledge and belief, comply in all material respects with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Trustee, the Obligor nor any of the other Dealers shall have any responsibility therefor.

None of the Trustee, the Obligor or any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Trustee, the Obligor and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement.

GENERAL INFORMATION

Authorization

The issue of the Certificates and the entry by the Trustee into the Transaction Documents to which it is a party has been duly authorized by a resolution of the board of directors of the Trustee dated 15 November 2020. The entry by the Obligor into the Transaction Documents to which it is a party has been duly authorized by a written resolution of the board of directors of the Obligor dated 12 November 2020.

The Trustee and the Obligor have each obtained all necessary consents, approvals and authorizations in connection with the issue of the Certificates and the execution and performance of the Transaction Documents to which they are a party.

Listing of the Certificates

Application has been made to the DFSA for Certificates issued under the Program to be admitted to the DFSA Official List. An application may be made for any Tranche of Certificates to be admitted to trading on Nasdaq Dubai.

Documents Available

For as long as any Certificates issued under the Program are outstanding, copies of the following documents will, when published, be available for inspection in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by Certificateholders at the offices of the Principal Paying Agent in London:

- (i) the articles of association of the Trustee and the constitutional documents of the Obligor;
- (ii) the Financial Statements (as defined in "*Presentation of Financial and Other Information*");
- (iii) the Transaction Documents;
- (iv) a copy of this Base Prospectus and any supplements thereto (and any other documents incorporated therein by reference); and
- (v) any future prospectuses, listing particulars, offering circulars and information memoranda, including any Final Terms to this Base Prospectus (and any other documents incorporated herein or therein by reference) (provided that, in the case of any such documents relating to Certificates which are not admitted to listing or trading on any stock exchange, copies of such documents will only be available for inspection by the holder of the Certificates to which such documents relate).

This Base Prospectus will be available for viewing on the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>).

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Trustee may make an application for any Certificates to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Certificates and the CUSIP and/or CINS numbers for each Tranche of such Certificates, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States.

Legal Entity Identifier (LEI)

The LEI code of the Trustee is 635400AMGMPG1J5EQD94. The LEI code of the Obligor is 635400XNBN7SIWOBGI94.

Significant or Material Change

There has been no significant change in the financial position or trading position of the Trustee, and there has been no material adverse change in the prospects of the Trustee, in each case since its incorporation on 20 March 2018.

Save as disclosed in "*Risk factors—Risks related to the Group's business and industry—The Group is exposed to material and currently not fully quantifiable disruptions arising from the Coronavirus disease 2019 (COVID-19)*", there has been no significant change in the financial position or trading position of the Obligor since 30 September 2020 and there has been no material adverse change in the prospects of the Obligor since 31 December 2019.

Legal Proceedings

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.

The Obligor 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 Obligor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Obligor.

Independent 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.

The current independent auditors to the Obligor are PricewaterhouseCoopers Limited ("**PwC**") whose registered business address is at Al Fattan Currency House, Tower 1, Level 8, Unit 801, DIFC, Dubai, United Arab Emirates. PwC are independent auditors registered to practice as auditors with the Ministry of Economy in the UAE.

The Annual Financial Statements have been prepared in accordance with IFRS and have been audited by PwC without qualification as stated in their respective independent auditor's reports, which are incorporated by reference in this Base Prospectus.

The Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and have been reviewed by PwC without qualification as stated in their independent auditor's review report, which is incorporated by reference in this Base Prospectus.

Dealers transacting with the Trustee and the Obligor

Certain of the Dealers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Trustee, the Obligor or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments (including the Certificates themselves) of the Trustee, the Obligor or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Obligor or their respective affiliates routinely hedge their credit exposure to the Trustee, the Obligor or their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Trustee's, the Obligor's or their respective affiliates' securities, including potentially the Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Certificates offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they

acquire, long and/or short positions in such securities and instruments. See also "*Subscription and Sale and Transfer and Selling Restrictions*".

Shari'a Boards

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by each of the Fatwa and Sharia Supervisory Board of Dubai Islamic Bank PJSC, the First Abu Dhabi Bank Internal Shariah Supervision Committee, the Internal Sharia Supervisory Committee of Emirates NBD – Al Watani Al Islami and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited. Prospective Certificateholders should not rely on the approvals referred to above 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 the approval referred to above is in compliance with their individual standards of compliance with *Shari'a* principles.

Fatwa and Sharia Supervisory Board of Dubai Islamic Bank PJSC

Dr. Mohamed Ali Elgari

Dr. Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in the Kingdom of Saudi Arabia. Dr. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them the Journal of the Jurisprudence Academy (of the IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of the Harvard Series in Islamic Law, Harvard Law School.

Dr. Elgari is also an advisor to numerous Islamic financial institutions throughout the world and is notably on the Shariah board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and the Islamic Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI).

Dr. Elgari holds a PhD in Economics from the University of California, United States of America.

Dr. Muhammad Qaseem

Dr. Qaseem holds a PhD (Islamic Studies) from the Faculty of Usul ud Dinis, University of Karachi. He has been a member of the Sharia boards of many other institutions. Dr. Qaseem has taught various courses for a number of B.A. and M.A. programs of the International Islamic University, Islamabad.

Dr. Qaseem has produced many academic contributions, articles and literary and translation works.

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama

Sheikh Dr. Al Olama is a member of the Grand Islamic Scholars Body in Dubai, an Associate Professor of the School of Shari'a at the United Arab Emirates University in Al Ain and an acknowledged expert in Islamic finance. Sheikh Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the UAE. He currently serves on a number of Shari'a boards representing Islamic financial institutions and Takaful companies.

Sheikh Dr. Al Olama has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences. Sheikh Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qurra University in Mecca, Kingdom of Saudi Arabia.

Prof. Dr. Mohamad Akram Laldin

Prof. Dr. Laldin is currently the Executive Director of ISRA. He is currently a member of Bank Negara Malaysia Shari'ah Advisory Council (SAC), member of Shariah Advisory Employees Provident Fund (EPF), member of HSBC Amanah Global Shari'ah Advisory Board, member of Yassar Limited (Dubai) Shari'ah Advisory Board, member of EAB (London) Shari'ah Advisory Board, Chairman of Islamic Advisory Board of HSBC Insurance Singapore, Shari'a advisor to ZI Syariah Advisory Malaysia, member of Shari'ah Advisory Council International Islamic Financial Market (IIFM), Bahrain, Committee member

of AAOIFI Shari'ah Standards, Bahrain and other Boards across the globe. He is also a member of the Board of Studies of the Institute of Islamic Banking and Finance, IIUM.

Prof. Dr. Laldin holds a B.A. honors degree in Islamic Jurisprudence and Legislation from the University of Jordan, Amman, Jordan and a PhD in Principles of Islamic Jurisprudence (Usul al-Fiqh) from the University of Edinburgh, Scotland, United Kingdom. He has presented many papers related to Islamic Banking and Finance and other Fiqh topics and has conducted many training sessions particularly on Islamic Banking and Finance for different sectors since 1999. He is also prolific author of academic works specifically in the areas of Islamic Banking and Finance. He is the recipient of Zaki Badawi Award 2010 for Excellence in Shariah Advisory and Research. He has participated and presented papers in numerous local and international conferences.

Dr. Ibrahim Ali Al Mansoori

Dr. Al Mansoori is a prominent Shari'a scholar from the UAE with an active focus on the Islamic banking and finance industry. He is currently serving as Director of Sharjah Islamic Center for Economy & Finance Studies and the Assistant Professor of Economy & Islamic Banks, University of Sharjah.

Dr. Al Mansoori is currently serving as the Chairman of the Internal Shari'ah Supervision Committee (ISSC) of Al Hilal Bank and a member of various ISSCs of Islamic financial institutions.

Dr. Al Mansoori holds a PhD in Economics & Islamic Banking, as well as two Master's Degrees in Economics & Islamic Banking and Pedagogical Psychology. He has authored various research papers on contemporary matters relating to Islamic Banking.

Internal Sharia Supervisory Committee of Emirates NBD – Al Watani Al Islami

Dr. Mohamed Ali Elgari

See the description of Dr. Elgari set out above.

Dr. Muhammad Abdulrahim Sultan Al Olama

See the description of Dr. Al Olama set out above.

Dr. Salim Al-Ali

Dr. Salim Al-Ali is specialized in Islamic financial law, and legal and regulatory aspects of developing Islamic financial markets and participated in national and international conferences to address sharia, legal and regulatory issues related to the Islamic banks, Islamic capital markets and takaful. He is also actively involved in the area of Islamic finance by way of consultation, teaching and academic research in different jurisdictions including Malaysia, the UAE and the United Kingdom. He is also a member of the Sharia boards of Al Hilal, Abu Dhabi Commercial Bank and First Abu Dhabi Bank.

Dr. Salim Al Ali is Assistant Professor at the College of Law, United Arab Emirates University, UAE. He obtained his PhD in Islamic Financial Law from the University of London, United Kingdom.

First Abu Dhabi Bank Internal Shariah Supervision Committee

Dr. Mohd Daud Bakar

Dr. Bakar was previously the deputy vice-chancellor at the International Islamic University Malaysia. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he went on to complete his external Bachelor of Jurisprudence at University of Malaya. He has published a number of articles in various academic journals and has made numerous presentations at conferences both locally and overseas.

Dr. Bakar is currently the chairman of the Shariah Advisory Council of the Central Bank of Malaysia, the SACSC and the Shariah Supervisory Council of Labuan Financial Services Authority. He is also a member of the Sharia board of Dow Jones Islamic Market Index (New York), Oasis Asset Management (Cape Town, South Africa), The National Bank of Oman, Financial Guidance (USA), BNP Paribas (Bahrain), Morgan Stanley (Dubai), Jadwa-Russell Islamic Fund (Kingdom of Saudi Arabia), Bank of London and Middle

East (London), Noor Bank (Dubai), Islamic Bank of Asia (Singapore), and in other financial institutions both locally and abroad. Dr. Bakar also actively advises on capital markets product structuring such as sukuk.

Dr. Mohamed Ali Elgari

See the description of Dr. Elgari set out above.

Professor Dr. Abdul Aziz Al Qassar

Professor Dr. Abdul Aziz Al Qassar is a Professor of Comparative Jurisprudence at the Faculty of Sharia and Islamic Studies at Kuwait University. He received a doctorate degree in Comparative Jurisprudence from the Faculty of Sharia and Law, Al-Azhar University, Cairo, Arab Republic of Egypt in 1997.

He has been a faculty member at the Faculty of Sharia and Islamic Studies at Kuwait University since 1997, and has served as Associate Dean for Academic Affairs and Graduate Studies and Research at the Faculty of Sharia and Islamic Studies at Kuwait University from 2001 to 2005. He has also served as a member of the Fatwa and Sharia boards in many institutions and Islamic banks in Kuwait and abroad, a lecturer in Islamic finance and has produced various research and religious studies regarding Islamic jurisprudence and contemporary financial transactions.

Dr. Salim Al-Ali

See the description of Dr. Al-Ali set out above.

Internal Shariah Supervision Committee of HSBC Bank Middle East Limited

Dr. Mohamed Ali Elgari

See the description of Dr. Elgari set out above.

Dr. Aznan Hasan

Dr. Aznan Hasan is an Associate Professor in Islamic Law at Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia and has taught Islamic law there since 2003. He is also President of the Association of Shariah Advisors in Islamic Finance and has been Deputy Chairman of the Shariah Advisory Council, Securities Commission of Malaysia since July 2010. He was a member of the Shariah Advisory Council, Bank Negara Malaysia (from November 2006 to August 2008 and from November 2010 to October 2013). He is also the Chairman of the Shariah Supervisory Board, Shariah Advisory Committee, Barclays DIFC (April 2011 to present). He is Shariah adviser to Maybank Islamic in Malaysia and has been advising ABSA Islamic Banking, South Africa since July 2010.

Dr. Salim Al-Ali

See the description of Dr. Al-Ali set out above.

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