Alpha Star Holding VII Limited

(a prescribed company incorporated in the Dubai International Financial Centre)

U.S.$400,000,000 Trust Certificates due 2026

The U.S.$400,000,000 trust certificates due 2026 (the **Certificates**) of Alpha Star Holding VII Limited (in its capacity as issuer and in its capacity as trustee, as applicable, the **Trustee**) will be constituted by a declaration of trust (the **Declaration of Trust**) dated 27 April 2023 (the **Issue Date**) entered into between the Trustee, Damac Real Estate Development Limited (the **Guarantor**), Front Line Investment Management L.L.C (the **Servicing Agent**) and BNY Mellon Corporate Trustee Services Limited as the delegate of the Trustee (the **Delegate**). The Certificates confer on the holders of the Certificates from time to time (the **Certificateholders**) the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the **Trust**) over the Trust Assets (as defined in the Conditions) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the **Conditions**).

Periodic Distribution Amounts (as defined in the Conditions) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 27 April 2026 (the **Scheduled Dissolution Date**) at a rate of 7.750 per cent. per annum. Payments on the Certificates will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Dubai International Financial Centre (the **DIFC**), the United Arab Emirates or the Emirate of Dubai or any authority therein or thereof having power to tax subject to and in accordance with Condition 10.

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

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

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

This Offering Circular does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) or Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom (**UK**) by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**). Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) for the Certificates to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin (**GEM**) which is an exchange regulated market of Euronext Dublin. GEM is not a regulated market for the purposes of Directive 2014/65/EU (as amended) (**MiFID II**). This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin.

The Certificates are expected to be assigned a rating of "BB-" by S&P Global Ratings Europe Limited (**S&P**). S&P is established in the European Economic Area (the **EEA**) and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **EU CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the EU CRA Regulation.

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

The Certificates may only be offered, sold or transferred in registered form in minimum face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank	**Emirates NBD Capital**	**J.P. Morgan**

Joint Bookrunners and Joint Lead Managers

Abu Dhabi Commercial Bank	**Dubai Islamic Bank**	**Mashreqbank psc (acting through its Islamic Banking Division)**

The date of this Offering Circular is 26 April 2023

IMPORTANT NOTICES

This Offering Circular contains all information with regard to the Issuer, the Guarantor and its consolidated subsidiaries taken as a whole (the **Group**) and the Certificates, which, according to the particular nature of the Issuer, the Guarantor, the Group and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and the rights attaching to the Certificates.

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

The statistical information in this Offering Circular, including in relation to gross domestic product (**GDP**), have been obtained from public sources identified in this Offering Circular. All statistical information provided in this Offering Circular, and the component data on which it is based, may not have been compiled in the same manner as data provided by, and may be different from statistics published by, other sources. Accordingly, the statistical data contained in this Offering Circular should be treated with caution by prospective investors.

Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Trustee and the Guarantor are aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has not been independently sourced, it is the Group's own information.

Each of the Trustee and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Trustee, the Guarantor or any of the Joint Lead Managers (as defined herein) to subscribe or purchase any of the Certificates. None of the Joint Lead Managers, the Trustee, the Delegate or the Agents (as defined below) has independently verified the information contained herein.

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

The distribution of this Offering Circular and the offering of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Trustee, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. None of the Trustee, the Delegate, the Agents, the Guarantor or the Joint Lead Managers represent that this Offering Circular may be lawfully distributed, or that the Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Delegate, the Agents, the Guarantor or any of the Joint Lead Managers which is intended to permit a public offering of the Certificates or distribution of this Offering Circular in any jurisdiction where action for that purpose is required.

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

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

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

Neither this Offering Circular nor any other information supplied in connection with the issue of the Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Trustee, the Delegate, the Agents, the Guarantor or any of the Joint Lead Managers that any recipient of this Offering Circular or any other information supplied in connection with the issue of the Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Guarantor. Furthermore, no comment is made or advice given by the Trustee, the Delegate, the Agents, the Guarantor or any of the Joint Lead Managers in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Trustee or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Certificates of any information coming to the attention of any of the Joint Lead Managers.

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

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

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

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

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

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

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

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

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

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Offering Circular, or for any other statement made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Trustee, the Guarantor or the issue and offering of the Certificates. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. No representation or warranty, expressed or implied, is made or given by or on behalf of any of the Joint Lead Managers, nor any person who controls them or any director, officer, employee or agent of them, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this Offering Circular and such persons do not accept responsibility or liability for any such information or opinions.

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account of benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by (a) Khalij Islamic, Sharia Adviser to Deutsche Bank Aktiengesellschaft; (b) the Internal Sharia Supervisory Committee of Emirates NBD - Islamic; and (c) the Shari'a advisers of J.P. Morgan Securities plc. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles. None of the Trustee, the Guarantor, the Delegate, the Agents or any of the Joint Lead Managers makes any representation as to the Shari'a compliance of the Certificates and/or any trading thereof.

Cautionary Statement Regarding Forward-looking Statements

Some statements in this Offering Circular may be deemed to be forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position of the Group, or the business strategy, management plans and objectives for future operations of the Group, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in the sections entitled "Risk Factors" and "Description of the Group" and other sections of this Offering Circular. The Group has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the Group's present, and future, business strategies and the environment in which the Group expects to operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed in this Offering Circular (see "*Risk Factors*").

Forward-looking statements speak only as at the date of this Offering Circular and, without prejudice to any requirements under applicable laws and regulations, the Trustee and the Group expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in the expectations of the Trustee or the Group or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Trustee and the Group cannot assure potential investors that projected results or events will be achieved and the Trustee and the Group caution potential investors not to place undue reliance on these statements.

Presentation of Financial and Other Information

Presentation of Financial Information

The financial information relating to the Group included in this Offering Circular has, unless otherwise indicated, been extracted from the Group's:

(i) audited consolidated financial statements as at and for the year ended 31 December 2022, which include comparative financial information as at and for the year ended 31 December 2021 (the **2022 Financial Statements**); and

(ii) audited consolidated financial statements as at and for the year ended 31 December 2021, which include restated comparative financial information as at and for the year ended 31 December 2020 (the **2021 Financial Statements** and, together with the 2022 Financial Statements, the **Financial Statements**),

each incorporated by reference into this Offering Circular.

The Financial Statements have been prepared in accordance with (i) International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (the **IASB**) and (ii) the basis of preparation as disclosed in note 2 to the 2022 Financial Statements and note 2 to the 2021 Financial Statements.

The Financial Statements have been audited in accordance with International Standards on Auditing (the **ISA**) by Deloitte & Touche (M.E.) (**Deloitte**) who have issued unqualified reports thereon.

Sources of Financial Information

Unless otherwise indicated, the financial information included in this Offering Circular relating to the Group has been derived:

(i) in the case of the financial information as at, and for the years ended, 31 December 2022 and 31 December 2021, from the 2022 Financial Statements; and

(ii) in the case of the financial information as at, and for the year ended, 31 December 2020, from the 2021 Financial Statements.

Presentation of Alternative Performance Measures

In this Offering Circular, the Group uses the following metrics in the analysis of its business and financial position, which the Group considers to constitute Alternative Performance Measures as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the **ESMA Guidelines**). For further information, see "*Selected Historical Financial and Operating Data*".

Metric	**Definition and method of calculation**	**Rationale for inclusion**
EBITDA	Calculated, in respect of any period as (i) the sum of gross profit, other income-net and other operating income-net of the Group for such period minus (ii) general, administrative and selling expenses of the Group for such period.	The measure of overall operational profitability of the business.
EBITDA margin	Calculated as EBITDA divided by revenue.	Represents the Group's ability to generate potential returns on its revenue.
Gross margin	Calculated as gross profit divided by revenue.	Measures the Group's overall profitability
Net debt/EBITDA	Calculated as (i) the sum of bank borrowings (less cash on hand, bank balances and fixed deposits) and sukuk certificates (ii) divided by EBITDA.	Represents the Group's ability to manage its net debt obligations.
EBITDA/net interest	Calculated as EBITDA divided by finance costs net of any finance income.	Represents the Group's ability to service its net debt obligations.

Loan to Value	Calculated as bank borrowings and sukuk certificates divided by development properties and cash and bank balances.	Provides relative use of and Group's strength to support its debt obligations.
Debt to Assets	Calculated as bank borrowings and sukuk certificates divided by total assets	Provides relative use of and Group's strength to support its debt obligations.
Debt to Equity	Calculated as bank borrowings and sukuk certificates divided by total equity	Provides relative use of and Group's strength to support its debt obligations

These Alternative Performance Measures are not defined by, or presented in accordance with, IFRS. The Alternative Performance Measures are not measurements of the Group's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Group's liquidity.

No Incorporation of Website Information

The Guarantor's website is www.damacproperties.com. The information on this website or any other website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular, and investors should not rely on it.

Presentation of Other Information

Currencies

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to:

(i) **AED** and **dirham** are to the lawful currency for the time being of the United Arab Emirates; and

(ii) **U.S. dollar**, and **U.S.$** are to United States dollar, being the legal currency for the time being of the United States of America.

The functional currency of the Guarantor and most of its subsidiaries is the dirham. The dirham currently is, and since 22 November 1980, has been, pegged to the U.S. dollar at a fixed exchange rate of AED 3.6725 per U.S.$1.00.

The financial information included in this Offering Circular is presented in U.S.$. For these purposes, AED amounts appearing in the Financial Statements were converted in U.S.$ using a fixed conversion rate of U.S.$ 1.00 = AED 3.675.

Definitions

In this Offering Circular, references to:

- **Abu Dhabi** are to the Emirate of Abu Dhabi;
- **billion** are to a thousand million;
- **DLD** are to Dubai Land Department;

- **Dubai** are to the Emirate of Dubai;
- **CIS** are to the Commonwealth of Independent States;
- **FCSA** are to the UAE Federal Competitiveness and Statistics Authority;
- **GCC** are to the Gulf Cooperation Council, which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE;
- **GDP** are to the gross domestic product;
- **Government** are to the government of Dubai;
- **Group** are to the Guarantor and its consolidated subsidiaries taken as a whole;
- **IMF** are to the International Monetary Fund;
- **MENA region** are to the Middle East and North Africa region;
- **OPEC** are to the Organisation of the Petroleum Exporting Countries;
- **RERA** are to the Real Estate Regulatory Agency of Dubai;
- **RICS** are to the Royal Institute of Chartered Surveyors;
- **UAE** are to the United Arab Emirates; and
- **U.S.** are to the United States of America.

Rounding

The Financial Statements present the Group's results in thousands of U.S.$ and AED. Certain financial statement data in this Offering Circular has been expressed in millions of U.S.$ and rounded to one decimal place, with 0.050 being rounded up and 0.049 being rounded down.

Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them. In addition, as some percentage changes were calculated using amounts in thousands of U.S.$, percentage changes in millions of U.S.$ may not be arithmetical calculation from numbers presented in millions of U.S.$. In addition, all percentage data in this Offering Circular has been rounded to zero decimal places, with 0.50 being rounded up and 0.49 being rounded down.

Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.

Language of the Offering Circular

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

Third Party Information

This Offering Circular contains information from various sources. Statistical information relating to Dubai and the United Arab Emirates included in this Offering Circular has been derived from public sources, including the Organisation of the OPEC, the IMF, the FCSA, the UAE Central Bank, the Dubai Statistics Centre, the Department of Tourism and Commerce Marketing of the Government. All such statistical information may differ from that stated in other sources for a variety of reasons, including the fact that the underlying assumptions and methodology (including definitions and cut-off times) may vary from source to source. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Guarantor to investors who have purchased the Certificates.

The statistical information in this Offering Circular, including in relation to GDP, has been obtained from public sources identified in this Offering Circular. All statistical information provided in this Offering Circular, and the component data on which it is based, may not have been compiled in the same manner as data provided by, and may be different from statistics published by, other sources. Accordingly, the statistical data contained in this Offering Circular should be treated with caution by prospective investors.

Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Trustee and the Guarantor are aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has not been independently sourced, it is the Group's own information.

VOLCKER RULE

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

NOTICE TO U.K. RESIDENTS

The Certificates do not constitute "alternative finance investment bonds" (**AFIBs**) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended, and as such, will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the **FSMA**)) which has not been authorised, recognised or otherwise approved by the UK Financial Conduct Authority (the **FCA**). Accordingly, the Certificates must not be marketed in the UK to the general public and this Offering Circular is not being distributed to, and must not be passed on to, the general public in the UK.

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

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

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Offering Circular 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 as issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia (the **Capital Market Authority**) resolution number 3-123-2017 dated 27 December 2017 as amended by Capital Market Authority resolution number 8-5-2003 dated 18 January 2023 (the **ROSCOs**). Any offer of Certificates to any investor in Saudi Arabia or who is a Saudi person (a **Saudi Investor**) must be made (i) in compliance with Article 8(a)(1) of the ROSCOs or (ii) by way of a limited offer under Article 9 of the ROSCOs, and, in each case, in compliance with Article 10 of the ROSCOs.

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

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Offering Circular 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 Offering Circular and related offering documents have not been and will not be registered as an Offering Circular with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular 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 Offering Circular 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 Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Offering Circular 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 STATE OF QATAR

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

NOTICE TO RESIDENTS OF MALAYSIA

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Certificates in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part 1 of Schedule 6 (or Section 229(1)(b)) and Part 1 of Schedule 7 (or Section 230(1)(b)) and Schedule 8 or Section 257(3), read together with Schedule 9 (or Section 257(3)) of the Capital Market and Services Act 2007 of Malaysia.

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

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as amended or modified from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the 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 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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (a) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (b) 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 target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

STABILISATION

In connection with the issue of the Certificates, J.P. Morgan Securities plc (the **Stabilisation Manager**) (or persons acting on behalf of the Stabilisation Manager) 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, stabilisation may not necessarily occur. Any stabilisation 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 and 60 days after the date of the allotment of the Certificates. Any stabilisation action must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

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RISK FACTORS

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

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

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

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

The Trustee has no material assets and will depend on receipt of payments from the Guarantor and the Servicing Agent to make payments to Certificateholders

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

The Trustee's only material assets, which will be held on trust for the Certificateholders, will be the Trust Assets, including the obligation of the Servicing Agent and the Guarantor to make payments to the Trustee under the Transaction Documents to which it is a party. Therefore, the Trustee is subject to all the risks to which each of the Servicing Agent and the Guarantor is subject to the extent that such risks could negatively affect its ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See "*Risks relating to the Guarantor and the Group*" below for a further description of these risks.

Risks relating to the Guarantor and the Group

The Group's business is highly concentrated in the real estate sector in Dubai and any adverse developments in the real estate sector or in the Dubai market may have a material adverse effect on the Group's business and financial results

The Group's operations are principally located in Dubai, where it generated the majority of its revenue for the years ended 31 December 2020, 2021 and 2022. For the year ended 31 December 2022, the Group generated approximately 97 per cent. of its revenue in Dubai. As at 31 December 2022, approximately 93 per cent. of the Group's completed units and 100 per cent. of its saleable area in progress were located in Dubai. The Group is therefore exposed to a high level of concentration risk and adverse developments in Dubai in general and in the real estate market in Dubai in particular which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Since late 2008, property and construction markets in the UAE and a number of other countries in the Middle East region have been significantly adversely affected by macroeconomic factors that are beyond the Group's control, such as real estate market conditions generally, changes in interest/profit rates, consumer spending, inflation rates, real estate taxes, other operating expenses, the availability and cost of financing and the ongoing global COVID-

19 pandemic (the **COVID-19 Pandemic**). See "*The COVID-19 Pandemic has had, and may continue to have, a significant effect on the economy of Dubai and its property sector, which consequently may adversely affect the Group's business, financial conditions and results of operations*" and "*The Group is exposed to market risks*".

Although the real estate market in Dubai has seen a resurgence in demand in 2021 and 2022, there can be no assurance that the current demand for real estate in Dubai will continue. Any decrease in demand or deterioration in the Dubai market to which the Group is highly exposed could cause the Group's financial performance to deteriorate in the future and financial resources required to sustain growth in other markets may not be available.

As an increasing number of developments are launched and reach completion, the number of properties available in the Dubai market may exceed the demand for such properties leading to "saturation". Saturation in the Dubai real estate market could result in both (or either) an increase in vacancy rates and a decrease in market rental rates and sale prices. Likewise, demand for properties in Dubai could decrease as a result of a range of possible factors, including changes in law, macroeconomic conditions, events in neighbouring countries or factors inherent to the Dubai property market. For example, the transfer fee to register a transfer of ownership (the **DLD Transfer Fee**) imposed by the DLD was increased to four per cent. in 2013 and any further increase may result in a decrease in demand for properties in Dubai. Furthermore, if a large number of the Group's customers were to terminate their purchase contracts with the Group due to macroeconomic or other factors and the Group were unable to sell these units, this could add to any actual or perceived oversupply of residential property in the Dubai real estate market. If the property market in Dubai were to become saturated, or the demand for properties, in particular residential properties, in Dubai were to decline or to be lower than expected, the Group may have to sell its properties at reduced prices, or at a loss, or may not be able to sell them at all.

In addition, a portion of the Group's customers may purchase properties as investments, generally with a view to selling them for profit or leasing them for rental income. Any perceived or actual oversupply of properties in Dubai, or a decrease in demand for rental space in Dubai, may result in potential customers experiencing difficulty in selling properties purchased from the Group, either for an expected profit or at all and/or lower rental rates. This could result in a decrease in demand for the Group's properties among customers who expect to receive revenue from the part-time rental of their properties or who purchase properties for the purposes of resale.

As the Group's revenue is derived almost exclusively from sales of its properties, principally in Dubai, any adverse change in the demand for the Group's properties for the reasons described above or otherwise (including, but not limited to, events similar to the global financial crisis and the COVID-19 Pandemic) may result in the Group being unable to realise the expected prices on the sale of its properties or being unable to sell its properties at all, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The COVID-19 Pandemic has had, and may continue to have, a significant effect on the economy of Dubai and its property sector, which consequently may adversely affect the Group's business, financial conditions and results of operations

The macroeconomic environment (both globally and within Dubai) was materially adversely affected by the COVID-19 Pandemic since its outbreak in 2019. The measures aimed at mitigating the further spread of COVID-19 Pandemic, such as restrictions on travel, imposition of quarantines, prolonged closures of stores and workplaces, social distancing measures and other restrictions had a significant adverse effect on the global economy and international financial markets. The COVID-19 Pandemic and the related restrictions materially adversely effected the economies of Dubai and the UAE in general and the real estate sector in particular (See "*The continued success of the Group's businesses is dependent in part upon disposable income and consumer spending and the continued appeal of Dubai as a tourist and business destination*") as well the Group's business, financial condition and results of operations in the year ended 31 December 2020. According to the DLD, in the year ended 31 December 2020, sales of apartments, villas and commercial properties decreased by 12.2 per cent., 6.7 per cent. and 27.8 per cent., respectively, as compared with the year ended 31 December 2019, which, in turn, resulted in decrease of average real estate prices in Dubai and lower expected sales rates and sales prices. In addition, the COVID-19 related lockdown imposed in April and May 2020 resulted in an immediate shift to working from home, slowing site activity due to the inability of contractor teams to move between emirates and obstructions in the supply chain for building materials, which, in turn, negatively impacted the completion pace of the Group's projects. As a result of these factors, for the year ended 31 December 2020, the Group recorded a U.S.$370 million provision for impairment on development properties-net, an increase of U.S.$336.2 million (or 995 per cent.) as compared to the year ended 31 December 2019, which, in turn, was the primary driver behind a 1,711 per cent. increase in Group's loss for the year ended 31 December 2020 as compared to the year ended 31 December 2019.

While the UAE and many other countries have re-opened and gradually lifted COVID-19 related restrictions since the end of 2020, contributing to a resurgence in demand on Dubai's real estate market, such restrictions may, particularly if new more transmissible and/or virulent variants are identified, be reintroduced with more severe conditions than those experienced to date and the ongoing and longer term social, economic, and political consequences of COVID-19 on global and regional economies are still largely uncertain. Any resulting decrease in business activities and a decrease in household income as a result of the COVID-19 outbreak and related restrictive measures may result in a significant decrease in demand in Dubai's property sector, delays in completion and a decrease in valuation of, the Group's projects which, in turn, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The continued success of the Group's business is dependent in part upon the wealth of domestic and international property purchasers and investors

The Group's business is highly dependent on levels of disposable income and disposable capital of high net worth and other affluent individuals and investors in the UAE and in various international jurisdictions, including from China, India, CIS and certain GCC countries. Since many of these individuals and investors operate in the global financial markets, their levels of wealth depend, to some extent, on the performance of the international property, financial and consumer markets. In addition, the disposable income levels of such individuals and investors are affected by factors in their home countries, such as the availability to them of financing and mortgages as well as general interest/profit rates, inflation and tax rates. The COVID-19 Pandemic had a material adverse effect on levels of disposable income and wealth of individuals world-wide and therefore also on demand for properties in the Dubai market. See "*The COVID-19 Pandemic has had, and may continue to have, a significant effect on the economy of Dubai and its property sector, which consequently may adversely affect the Group's business, financial conditions and results of operations*". The Group expects that demand for its properties will continue to depend, to some extent, on the condition of the global markets and that any further international or regional financial crises or economic downturns could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business may be materially affected by the cyclical nature of the real estate market

In addition to general macroeconomic factors, the Group's operations are affected generally by the cyclical nature of the real estate industry in Dubai. Property values and rents are affected by, among other factors, supply and demand of comparable properties, interest/profit rates, unemployment rates, inflation, the rate of economic growth, tax laws and political and economic developments in Dubai or in the countries where the Group's customers originate from. The Group's business is also affected by seasonal trends in the real estate industry in Dubai. A downturn in demand for the Group's developments due to any such factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Real estate investments are illiquid

Because real estate investments are generally illiquid, and due to the cyclicality of real estate markets, the Group's ability to promptly sell one or more of its projects in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond the Group's control. In addition, to the extent that the Group requires third-party funding to develop its projects, the Group may be required to grant mortgages over certain projects, or parts thereof, to secure its payment obligations, which could preclude the Group from selling such projects or affected residential units in the event of a default under such financing arrangements. There can be no assurance that the sale of units in any of the Group's projects will be at a price which reflects the most recent valuation of the relevant project, particularly if the Group is forced to sell in adverse economic conditions.

Furthermore, if the Group is unable to obtain funding required for property acquisitions through profits generated from completed projects, or if it should receive insufficient funds from pre-sales of units, it may need to generate cash through the sale of land and properties in the longer term. Any of these factors, individually or in the aggregate, could have a material adverse effect on the Group's real estate portfolio, which could in turn have a material adverse effect on its business, results of operations and financial condition.

The Group's projects may be delayed, suspended, terminated or materially changed in scope, resulting in increased costs to the Group and damage to the Group's reputation, which may materially adversely affect the Group's business

There are a number of construction, financing, operating and other risks associated with property development. Due to their extensive nature, the Group's projects require considerable capital expenditure during the initial phases. See also "*The Group has significant capital expenditure commitments and is likely to continue to have material funding requirements and the availability of financing to the Group may be limited*". Material delays in the construction process will, consequently, delay payments due from customers, as well as the revenue the Group is able to recognise. Real estate development activities in general are subject to significant risks of delay, suspension, termination and material changes in scope due to, among other factors, the following:

- delays and disruptions caused by the COVID-19 Pandemic;
- the Group's inability to sell its properties on acceptable terms, if at all;
- the unavailability of, or shortages of, contractors, construction materials, equipment and labourers;
- strikes and work stoppages or other labour disputes or disturbances affecting the Group, its contractors, its sub-contractors or its suppliers;
- the unavailability or insufficiency of utilities and infrastructure, including sourcing of fresh water and provision of wastewater disposal, electricity supply and roads;
- the failure of contractors to meet agreed timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height or complex design of a development);
- delays or failure to obtain all necessary land use, building, occupancy and other required permits, authorisations, general licences and regulatory certificates (including "no objection" letters from Government-linked master developers and the civil aviation authority and fire and safety certificates from civil defence);
- physical obstructions, adverse weather and unforeseen ground conditions;
- accidents on construction sites;
- major accidents, including chemical or other material environmental contamination;
- "force majeure" events including, but not limited to, natural disaster, fire and civil unrest;
- major epidemics affecting the health of persons in the region and travel in the region;

- delays in receiving and obtaining access to purchased land including delays by or failures of Government-linked master developers to commence master developments;
- the Group's inability to obtain customer financing through sales of units prior to their completion or to obtain external financing on commercially acceptable terms, if at all; and
- default or delayed payment by customers under the unit sale and purchase agreements.

The Group's ability to manage risks in its home market of Dubai could change. In addition, the Group may encounter any or all of these risks in other markets in which it operates, or may operate in the future, and may find its ability to manage these risks to be limited.

Construction of the Group's projects by its contractors is highly dependent on the sourcing of raw materials such as cement, steel, glass and aluminium from third party suppliers and on the availability of specialised equipment and other resources. The Group's contractors may experience shortages of raw materials, equipment or other resources as a result of increased demand for, or production difficulties relating to, these materials or equipment. A shortage of raw materials, equipment or other such resources could delay the completion of projects which, ultimately, could require the Group to pay penalties to its customers, including interest payments and refunds. In addition, such shortages often contribute to an increase in the price of raw materials, equipment and other resources. Although historically the Group's contractors have often been required to bear any such increase in the price of raw materials, under a number of its construction contracts the Group has been required to bear some or all of such price increases, typically when the price of raw materials exceeds a pre-agreed threshold commonly benchmarked to a stated price index. As a result, an increase in the cost of raw materials could increase the Group's project costs and adversely affect the Group's profit margins, which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

The Group's financial performance is particularly sensitive to delays to the Group's projects, as the Group recognises revenue in its accounts with respect to a particular project upon such project reaching a certain percentage of completion of construction. Accordingly, any delays in construction of the Group's projects will have a negative effect on the timing of revenue recognition with respect such projects, which, in turn, would negatively impact the Group's results of operations. This is particularly true with respect to the Group's high value projects (such as the Master Community Projects (as defined below) where even a small delay in construction progress can result in delays in amount of revenue being recognised. Additionally, any delay in a project would result in a delay in the Group's ability to access funds paid to the Group that is held in escrow pursuant to Law No. 8 of 2007 concerning guarantee accounts of real estate developments of Dubai (the **Escrow Law**), (see "*Regulatory Information–Relevant Real Estate Legislation–RERA and Escrow Accounts*"). Significant delays to the Group's projects may also adversely affect the Group's reputation and, in certain circumstances (including if the development of a project were suspended or terminated), could require the Group to pay penalties to its customers. Any delay to the Group's projects, or any suspension, termination or material change in scope of any of the Group's projects, could increase the Group's costs, which may materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group faces competition in its property development, hospitality and investment property businesses

The property market in Dubai is competitive despite increasingly strict regulation of the real estate sector creating barriers to entry to the market. The Group's competitors include a number of "Government-linked master developers" (see "*Description of the Group–Operating Environment*" for further information on Government-linked master developers) that, compared to the Group, have had and may continue to have: (i) preferential access to land at little or no cost; (ii) preferential access to land in prime locations; (iii) easier access to financing for projects and (iv) access to the Governmental support during economic downturns.

In addition, the Group faces competition from other property developers in Dubai and internationally. In particular, the number of population permanently residing in Dubai grew from 1.3 million in 2005 to more than 3.5 million in 2022 (as estimated by the Dubai Statistics Centre), along with the growth in business and leisure travel to Dubai, contributed to the opening and announced development of a number of new developments (including new residential buildings, hotels and retail spaces) by other property developers over this period. Such competition may affect the Group's ability to sell development land or completed properties at expected prices, if at all, or, in relation to investment properties, attract and retain tenants, resulting in lower-than-expected rents. The Group's competitors may lower their pricing, rental rates or operating costs for properties which are comparable to those being sold or leased by the Group, which may result in downward pressure on the Group's pricing and rental rates. In addition, the Government could decide to support new entrants or other property development companies to implement its development strategy, which would further increase competition. In addition, the Group faces the risk that competitors may anticipate and capitalise on certain potential investment opportunities in advance of the Group doing so. Certain of the Group's competitors may have greater financial, technical, marketing or other resources and, therefore, may be able to withstand price competition and volatility more successfully than the Group. Any oversupply or competition in Dubai (either as a result of new developments or a decrease in the number of tenants or other occupants due to a decline in economic activity) may adversely affect the Group's business, financial condition, results of operations and prospects.

Should any of the above risks materialise, other property developers may merge in order to achieve economies of scale in their businesses. If consolidation in the Dubai real estate market were to occur, there is a risk that the Group would have to operate against larger competitors than it has historically. Furthermore, given the global economic downturn over the last year and the strategy of investors to diversify their investments and re-examine the robustness of various real estate markets in the region, Dubai may see demand for its real estate market decreasing in favour of other real estate markets in the region. These circumstances, either alone or in combination, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There are also a number of hospitality venues in Dubai that are comparable to the Group's hospitality offerings which may affect the ability of the Group to attract customers and lead to downward pressure on the prices the Group is able to charge. In the event that such competition has the effects described, there may be an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may also face competition in respect of its investment business in Dubai going forward. There are a number of retail, residential and commercial investment properties in Dubai which may, in the future, compete with the Group's future retail, residential and commercial investment properties for tenants. Such competition may affect the Group's ability to attract and retain tenants, resulting in lower-than-expected rents. The Group's competitors may also lower their rental rates for properties which are comparable to that being offered by the Group, which may result in downward pressure on the Group's rental rates. Competitors may also compete to attract tenants based upon location, condition or unique or attractive features of the relevant property.

The Group may incur unanticipated costs related to compliance with health and safety and environmental laws and regulations

The Group has adopted safety standards to comply with applicable laws and regulations, and safety requirements are contractually agreed with the Group's contractors. If the Group and/or its contractors fail to comply with the relevant standards, either or both may be liable for penalties and the Group's business and/or reputation might be materially and adversely affected.

The Group seeks to ensure that it and its contractors comply with all applicable environmental, health and safety laws. While the Group believes that it is in material compliance with such laws, there can be no assurance that it will not be subject to potential liability, including remediation obligations with respect to contaminated project sites or liability in the event of an accident at one of its projects. If an environmental liability arises in relation to, or an accident occurs at, any project owned or developed by the Group and it is not remedied, is not capable of being remedied or is required to be remedied at the Group's cost, this may have a material adverse effect on the relevant project, the Group's reputation and its business, results of operations and financial condition, either because of the cost implications for the Group or because of disruption to services provided at the relevant project. Moreover, it may result in a reduction of the value of the relevant project or affect the Group's ability to dispose of residential units in such project.

Amendments to existing laws and regulations relating to health and safety standards and the environment may impose more onerous requirements on the Group and subject its developments to more rigorous scrutiny than is currently the case. The Group's compliance with such laws or regulations may necessitate further capital expenditure or subject it to other obligations or liabilities, which could have a material adverse effect on its business, results of operations and financial condition.

The Group's projects could be exposed to catastrophic events or acts of terrorism over which the Group has no control

The Group's business operations and development and construction projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, volcanoes, fires or typhoons) or other catastrophic events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- major accidents, including chemical, radioactive or other material environmental contamination;
- major epidemics affecting the health of persons in the region and travel into the region, see "– *The COVID-19 Pandemic has had, and may continue to have, a significant effect on the economy of Dubai and its property sector, which consequently may adversely affect the Group's business, financial conditions and results of operations*" for a discussion of the impact of the COVID-19 Pandemic on the Group;
- fires resulting from faulty construction materials; and/or
- criminal acts (such as unlawful demonstration or civil unrest) or acts of terrorism.

The occurrence of any of these events at one or more of the Group's development or construction projects or in any city where the Group operates may cause disruptions to the Group's operations in part or in whole, which would have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, such an occurrence or the risk of such an occurrence due to the high-profile nature of the Group's projects and the Group's associations with well-known brands and individuals and public figures associated therewith may increase the costs associated with the Group's development and construction projects, may subject the Group to liability or impact its brand and reputation and may otherwise hinder the normal operation of the Group's facilities.

Real estate valuation is inherently subjective and uncertain and based on assumptions which may prove to be inaccurate or affected by factors outside of the Group's control

Property assets are inherently difficult to value. The judgement of the Group's management, as well as the independent valuers who perform valuations on the Group's behalf in accordance with valuation standards of the RICS, significantly impact the determination of the market value of the Group's properties, particularly with respect to development land and projects. As a result, valuations of the Group's properties are dated as at a certain (historic) date and subject to substantial uncertainty. In addition, in valuing properties, the Group's management and valuers are required to make certain assumptions, including, but not limited to, the existence of willing buyers, title, condition of structure and services, environmental matters, legal matters, regulatory requirements and planning and other information. Such assumptions may prove to be inaccurate and could negatively affect the value of the Group's properties. No assurance can be given that the valuations of the Group's projects will reflect actual sale prices, even where any such sale occurs shortly after the relevant valuation date and such valuations should not be taken as an indication of the availability of financing for the potential sale of any of its projects or an indication of continuing demand for any of its projects. Significant differences between valuations and actual sales prices could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Another key component of determining the market value of the Group's property is based on an assessment by the Group's management or the independent valuers of real estate market conditions in the city or country where the project is located. The real estate market is also affected by general economic conditions, the availability of financing, interest/profit rates and various other factors, including supply and demand, that are beyond the Group's control and may adversely impact projects after their most recent valuation date. The valuations of the Group's properties included in this Offering Circular should not be taken as an indication of the proceeds that the Group could achieve in the sale of any of its completed projects, its land bank or developments in progress or planning and neither should they be taken as an indication of the availability of financing for them or an indication of continuing demand for any of the Group's properties.

Risks relating to the Group's business

The Group relies on certain key management personnel, in particular its Founder, the loss of whom could have an adverse effect on the Group's business, financial condition, results of operations and prospects

The Group's future growth and success depends in part upon the knowledge and continuing service of certain of the directors and key senior management. The directors and management possess experience, relationships and knowledge that are important to the operation of the Group's business, as well as its profitability and future growth. In particular, the Group is highly dependent upon the Chairman of the Group's Board of Directors, Mr. Hussain Ali Habib Sajwani (the **Founder**), who founded the Group and has remained an integral part of the business over the past 21 years. The Group believes that the success of the Group's business depends in part on his experience, his knowledge of the industry in which the Group operates and his in-depth knowledge of the Group itself as well as his contacts and business relationships in Dubai and the Middle East region. If the Founder or certain directors or key senior management of the Guarantor were unable to perform their duties or were to leave the Group or if the Group were unable to develop an effective succession plan to ensure that such experience and knowledge is not lost to the Group or the Group were unable to attract and retain suitable replacements, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business model relies on cash from off-plan sales to fund construction and any significant decrease in the level of these sales or any significant increase in defaulting customers or cancelled purchases could result in the Group postponing or cancelling projects and/or result in the Group needing to forgo land acquisition opportunities

The Group's principal business of developing and constructing high-end mixed-use community developments and mixed-use towers requires a significant amount of capital expenditure at the start of the construction process and the Group typically funds this from pre-sales of property units at the under-construction stage.

In Dubai, purchasers pay purchase price instalments for such pre-sales directly into a discrete escrow account with a bank approved by the RERA pursuant to the Escrow Law. An escrow agent, also approved by RERA, determines when a developer is permitted to make withdrawals from the escrow account to pay consultants and contractors for the project (such withdrawals are usually permitted in stages as specified construction milestones are completed). The developer is also permitted to use five per cent. of the escrow funds for "soft costs" such as advertising and sales costs. If there are insufficient escrow funds, RERA may require the developer to top up the escrow account. Subject to the requirement to retain certain funds for remedial works for one year following the date of receipt of the completion certificate issued by the DLD to the developer, the remainder of the escrow funds (after previous permitted withdrawals) are released to the developer only upon completion of the project or, in certain circumstances, before completion where certain requirements are satisfied and RERA approval is obtained. As a result, unless the Group has received permission from RERA to withdraw excess funds from the relevant escrow account, it is not able to finance the development of other projects and investment properties using funds raised from the sale of Dubai property development projects until such projects are completed.

If, due to a worsening economic outlook, falling property prices or otherwise, the Group suffers a decline in its level of pre-sales or experience a significant number of cancellations and is unable to locate additional funds through sales of property assets from its land bank, it may be required to forgo other property development opportunities and/or be forced to postpone or cancel projects. Any such development could materially adversely affect its reputation and its business, financial condition, operating results and prospects.

The Group could be adversely affected by market risks

The Group could be adversely affected by market risks that are outside its control, including, without limitation, volatility in the benchmark interest/profit rates. An increase in the benchmark interest/profit rates generally may also adversely affect the Group's cash flows by adversely impacting its profit margins and its funding costs as well as limiting the affordability of the Group's projects for its mortgage buyers. See "*The Group has significant capital expenditure commitments and is likely to continue to have material funding requirements and the availability of financing to the Group may be limited*".

All of the above risks may be further exacerbated by the persisting global macroeconomic challenges, including increased benchmark interest/profit rates. The U.S. Federal Reserve raised U.S. overnight interest rates by 25 basis points in March 2022, 50 basis points in May 2022, 75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022 and 25 basis points in February 2023. Tracking these hikes, the UAE Central Bank raised the base rate on the overnight deposit facility by 25 basis points in March 2022, 50 basis points in May 2022, 75 basis points in each of June 2022, July 2022, September 2022 and November 2022, 50 basis points in December 2022 and 25 basis points in each of February 2023 and March 2023.

Accordingly, aggressive or unexpected monetary policy tightening by the U.S. Federal Reserve could shock the markets, adversely affecting asset prices and ultimately economic growth. Furthermore, many of the world's economies are experiencing elevated inflation, which is expected to remain as such for longer than previously forecast. According to the IMF, global inflation is projected at 6.6 per cent. in 2023. However, as with the growth outlook, considerable uncertainty surrounds these inflation projections. Various factors have contributed to shaping inflation outlook, including the Russia-Ukraine conflict, which caused increases to energy prices and food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilisers). In addition, while demand grew rapidly in 2021, various bottlenecks held back supply, including outbreak-induced factory closures, restrictions at ports, congested shipping lanes, container shortfalls and worker shortages because of quarantines. Although supply bottlenecks are generally anticipated to ease as production responds to higher prices, the Russia-Ukraine conflict and widespread sanctions on Russian persons, entities and institutions are likely to prolong disruptions in some sectors into 2023. Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate debt, which could have negative implications for real estate markets) and the disposable income of the Group's customers, which, in turn, could have an adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group has significant capital expenditure commitments and is likely to continue to have material funding requirements and the availability of financing to the Group may be limited

The Group has incurred, and anticipates that it will in the future, continue to incur, significant capital expenditure and that it may have material funding needs in relation to particular projects or to refinance existing indebtedness. The Group intends to fund its future capital expenditures and its financial obligations (including its obligations to pay amounts due under the Transaction Documents) principally through operating cash flows, borrowings from third parties (including by way of the issue of the Certificates, through project financing and using committed bank funding lines) and asset sales (principally developed residential units). The availability of operating cash flow to the Group may, in certain cases, be limited.

The Group's ability to obtain external financing and the cost of such financing are dependent on numerous factors including general economic and market conditions, international interest/profit rates, credit availability from banks or other financiers, regulatory or central bank policy changes, investor confidence in the Group and the success of its business. See also "*The Group could be adversely affected by market risks*". There can be no assurance that external financing, either on a short-term or long-term basis and whether to fund new projects or to repay existing financing, will be available or, if available, that such financing will be obtainable on terms that are not onerous to the Group.

In the event that appropriate sources of financing are not available or are only available on onerous terms and the Group does not have sufficient operating cash flow or cash generated from asset monetisation, this could adversely affect the Group's business through increased borrowing costs and reductions in capital expenditure. In addition, the Group may be forced, amongst other measures, to do one or more of the following:

- delay or reduce capital expenditures;
- forgo business opportunities, including new projects and joint ventures;
- sell assets on less-than-optimal terms; or
- restructure or refinance all or a portion of its debt on or before maturity.

Terms of the Group's financing agreements, including certain financial covenants, may limit its operations flexibility, and breach of such terms may negatively affect the Group's financial position

Terms of the Group's financing agreements, including certain financial covenants, may limit its operations flexibility, and breach of such terms may negatively affect the Group's financial position. Certain of the Group's financing arrangements require it to maintain various financial ratios and contain restrictive covenants which may limit its ability or the ability of the Guarantor or its subsidiaries to obtain financing, dispose of or acquire assets, execute contracts out of the ordinary course of business, or create security. Some of these financing arrangements also contain restrictive conditions imposing limitations on the incurrence of indebtedness, change of control, ownership, corporate structure, reorganisations and mergers. Such covenants may limit the Group's operational flexibility, its ability to secure funding sufficient for the implementation of its capital expenditure programme or hinder the Group's ability to carry out its business strategy, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, if the Group were to breach one of its covenants under one financing arrangement, this would trigger cross-default provisions under other financial arrangements of the Group. Any such default and/or cross-default would permit acceleration of amounts due under the financial arrangements, which in case of such acceleration could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has grown rapidly and any inability to manage its future internal growth or to manage its product diversification plans effectively may have a material adverse effect on the Group's business and/or its reputation

The Group has grown rapidly since its establishment, with 43,755 units completed in the period from beginning its first residential project in 2002 up to 31 December 2022, and with 4,396 units completed in 2022 and with approximately 3,500 units scheduled to be completed in 2023.

A principal component of the Group's strategy is to continue to grow the Group's business by executing its business model and delivering its existing pipeline of projects while securing land bank, diversification of risk and maximising value by enhancing its product and services line and enhancing and building on its brand. The Group's primary focus is on the development of mixed-use community developments such as Damac Hills, Damac Hills 2 and Damac Lagoons (together, the **Master Community Projects**), the development of mixed-use towers and the management and operation of serviced apartments and hotels (see "*Description of the Group–The Group's Projects and Pipeline–Projects in progress*").

Damac Hills was the Group's first project as a community developer and represents approximately 13.5 per cent. of the Group's in progress pipeline, by number of units, as at 31 December 2022. Damac Hills 2 was the Group's second project as a community developer and represents approximately 24.9 per cent. of the Group's pipeline, by number of units, as at 31 December 2022. Damac Lagoons was the Group's third project as a community developer and represents approximately 40.3 per cent. of the Group's pipeline, by number of units, as at 31 December 2022. Further launches of additional units and villas in the Master Community Projects took place in 2022. The Group also launched high-end projects such as Cavalli Casa Tower in collaboration with Cavalli, an Italian luxury brand, Damac City project (also known as Safa One de Grisogono) and Aykon City 3 project (also known as Safa Two de Grisogono). (See "*Description of the Group–The Group's Projects and Pipeline–Projects in progress*").

There can be no assurance that the Group will be able to find purchasers and tenants for its Master Community Projects and/or other properties on terms and conditions that are satisfactory to it. In addition, the Group's customers of the Master Community Projects and other properties units may be adversely affected by a range of factors, which may therefore adversely affect the financial performance of the properties serviced or leased by the Group and the cash flows generated by them. With respect to expansion into hospitality, this may subject the Group to various risks and challenges, including those relating to: (i) its lack of experience operating hospitality developments; (ii) potential inability to meet customers' preferences and demands with respect to hospitality offerings; (iv) potential difficulties in staffing and managing such new operations; and (v) a potential lack of brand recognition and reputation in this area. Also, to the extent the overall economy of Dubai deteriorates, as it did during the COVID-19 Pandemic, the Group may also not be able to collect anticipated operating revenues from its hospitality businesses in Dubai.

With respect to mixed-use community developments and the management and operation of serviced apartments and hotels, the Group has gained experience in mixed-use community developments such as Master Community Projects and providing ongoing owners' association services to such community projects and managing and operating serviced apartments and hotels. However, these areas of its offering may be still subject to various risk and challenges such as the potential inability to meet customers' preferences and demands and a potential lack of brand recognition and reputation given the Group's only recent involvement in such activities. In particular, community developments such as the Master Community Projects, the operation of concierge-type support for serviced apartments and its hospitality offering represent a considerable divergence from the Group's traditional business model. Any lack of customer satisfaction with the ambience of the community, serviced apartments and hotels or with the quality of the ongoing services being provided by the Group, may result in considerable harm to the Group's branding and reputation. The provision of such ongoing services would also entail additional liability to the Group, whether arising out of health and safety issues or otherwise. The Group's experience in developing mixed-use community developments and managing and operating serviced apartments and hotels and in providing ongoing services is limited and the costs involved in entering new product segments and expanding operations may be higher than expected. The Group may also face significant competition or it may not be able to capitalise on its brand recognition in new product markets.

The Group's product expansion also includes co-branding arrangements with Cavalli, Versace, De Grisogono, Zuhair Murad, FENDI Casa, the Trump Organization and Paramount Hotels & Resorts for certain of the Group's projects. The Group may enter into additional branding arrangements in the future. Any deterioration in the relationships between the Group and these entities, any negative sentiment or publicity surrounding such brands or entities, business or individuals associated with such brands or any failure of these branded products to achieve the level of customer satisfaction expected by the Group's customers, could have a material adverse impact on the Group's reputation.

Should the Group be unable to complete and deliver substantial parts of the integrated lifestyle community plan for the Master Community Projects as planned, customers who have acquired villas in community developments may not be able to enjoy the additional amenities (such as schools, spas and the golf course) or the overall environment. These, singly or together with any perceived or actual failure to achieve the expected high quality in the services to be provided by the Group, or otherwise meet customers' expectations, could result in significant harm to the Group's reputation and brand, which in turn could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

The Group's rapid growth, including the increase in the number of the Group's developments and employees, has placed and will continue to place significant demands on the Group's management and infrastructure, in particular the Group's project management, human resources and accounting functions.

The Group's ability to manage its existing business and future growth depends on a number of factors, in particular its ability to recruit, train and retain suitably qualified employees and management who have the expertise to ensure the Group's in-house functions can be performed effectively and to a high standard on a larger scale. Even if the Group is able to manage its current growth, it cannot give any assurance that its current and/or previous growth rates will be maintained in the future.

Any inability of the Group to manage or grow its business effectively may adversely affect its ability to complete current or future developments on schedule and within budget (if at all) and may prevent the Group from achieving the projected revenue or profits associated with such projects. A failure to manage the Group's business growth effectively could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group relies on third party service providers and the lack of availability of suitable contractors and sub-contractors for the Group's projects, the failure of any contractors or sub-contractors to perform in a timely manner, if at all, or the need to find replacements could have a material adverse effect on the Group's business, financial condition, results of operations and prospects

The Group outsources the construction of its projects to third party contractors who, in turn, outsource certain aspects of the construction process, such as mechanical, engineering and plumbing works, to third party sub-contractors. Following a number of years of economic downturn and the negative impact brought about by the COVID-19 Pandemic, which placed increased financial pressure on suppliers, contractors and sub-contractors in the UAE, there has been a significant increase in the number of property developments in Dubai, particularly over the past two years. If the renewed growth of the Dubai market continues and accelerates in the future, this may place limitations on the number of contractors and sub-contractors available to meet demand. A lack of suitably qualified contractors in a given market or an increase in the demand for contractors could enhance their bargaining power.

This may result in the Group outsourcing construction of the Group's developments to contractors on terms more advantageous to the contractors and at higher prices. With respect to the Group's developments which have more complex designs or which are more technically demanding (for example, buildings in excess of 40 floors), the number and availability of suitably qualified contractors to construct such developments is even more limited.

The completion of the Group's developments could be delayed if the Group is unable to appoint suitable contractors, or if one or more of the appointed contractors is unable to meet the development timetable or otherwise defaults on their construction obligations, including as a result of: (i) labour shortages or disputes; (ii) the failure of any sub-contractors to provide the standard of construction expected or required; (iii) delays arising due to the complexity or technical demands of certain developments; (iv) bankruptcy; and/or (v) insolvency. Any such delay or default by a contractor or sub-contractor could result in damage to the Group's relationships with its customers and could cause disruptions to the Group's business. If it becomes necessary for the Group to replace any contractor or sub-contractor, the search for a suitable replacement and the transition to such replacement contractor may take time and increase costs. The process of replacing a contractor may take two to four months or, in certain cases, up to one year, due to a combination of factors, including that the original contractor typically must grant a letter of "no objection" to the hiring of the new contractor before the replacement contractor is permitted to commence work, that building permits must be revised and declared and the limited availability of contractors. Furthermore, any such replacement contractor would need time to familiarise itself with the relevant development, such time increasing the further along a project is when the replacement contractor is hired.

Any difficulty in sourcing qualified contractors, any failure by a contractor or sub-contractor to fulfil its obligations, any difficulty by the Group in seeking remedies or enforcing obligations under its arrangements with contractors, any need to replace a significant contractor or sub-contractor and any resulting delays to the completion of the Group's projects could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's ability to deliver its projects on schedule is dependent on infrastructure support provided by governments or other persons responsible for its provision, and any failure of this infrastructure support to materialise could cause the Group to incur delay-related costs and damages

Access to some of the Group's projects is dependent on the completion of connecting infrastructure, such as roads connecting a project with the city and the main regional road network and utilities, for which third parties are responsible. There can be no assurance that material delays in delivering the Group's projects will not occur as a result of delays in the connection of infrastructure. For example, in Dubai, the demand for electricity, water and gas has substantially increased and may continue to increase if the population of Dubai grows. As a result, the Group's current projects may be delayed and future projects may be hindered due to the inability of utility providers to provide the required levels of water and power generation and connections for these utilities in a timely manner. In addition, a deterioration in the Group's relationships with third party utility and road infrastructure providers, such as the Government linked master developers in Dubai, could cause further delays. Any delays in delivery of project units, even if due to circumstances outside the Group's control, could adversely affect the Group's brand and reputation and could also result in costly litigation with its customers and, potentially, monetary damages being payable to customers which could in turn materially adversely affect the Group's business, financial condition, results of operations and prospects.

The success of the Group's business depends on its ability to locate and acquire land suitable for development at attractive prices as well as certainty in legal status of such land

The Group's growth and profitability have been attributable in part to the Group's ability to locate and acquire land in prime locations at attractive prices and on favourable terms and conditions. Nearly all of the Group's developments in Dubai are located on land that has been designated by the Government as land which can be acquired and owned by non-UAE nationals. All title in property in Dubai emanates from the Government. The principal source of land for the Group's developments in Dubai is land owned by Government-linked master developers (see "*Description of the Group–Operating Environment*") and the success of the Group's business strategy and its future profitability will depend upon it being able to acquire land in prime locations and at attractive prices from such Government-linked master developers. The Group's long-term growth also depends on, among other things, its ability to maintain its level of development in Dubai while also locating and acquiring land suitable for development in other parts of the UAE. The Group may not be able to identify suitable sites for new projects or negotiate attractive terms for such acquisitions or developments from Government-linked master developers, the Government or property owners in other parts of the UAE. The number of attractive expansion opportunities may be limited and such opportunities may command high prices. In addition, the Group may be unable to enter into strategic partnerships with other governments and local companies in other parts of the UAE that may be necessary to source land in prime locations.

If the Group fails to acquire additional land suitable for development in prime locations, the Group may not be able to develop new projects in accordance with the Group's business strategy. Paying higher prices for land in the future could adversely affect the profitability of the Group's business. In addition, any adverse change in any of the relationships between the Group and the Government, the Government-linked master developers or any of the Group's strategic partners in other parts of the UAE in which the Group operates may affect its ability to acquire land or the prices the Group pays for such land. Any inability to obtain additional suitable land for development in the future on commercially viable terms and prices could result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, pursuant to the Dubai Real Estate Law of 2006, any transfer of interest in real estate which is not specified in either of Article 3 or Article 4 of Regulation No. 3 of 2006 Specifying Areas where Non-Locals can own Property in the Emirate of Dubai (**Regulation No. 3 of 2006**) to non-UAE nationals is not permitted. Some of the Group's developments (including the Master Community Developments) are located on land plots which are not specified in Regulation No. 3 of 2006. While the Group received a confirmation from the DLD that, notwithstanding the lack of such designation, transfers to non-UAE nationals of units located on such land plots are permitted (and the DLD has in the past issued and continues to issue title deeds with respect to such units to non-UAE nationals), there can be no assurance that the DLD position will not change and therefore there remains a residual uncertainty as to whether units in the some of the Group's projects (including the Master Community Projects) were validly sold or may continue to be validly sold to non-UAE nationals.

Claims under the Group's warranties to customers relating to the construction of the Group's properties may lead to the incurrence of substantial costs and harm the Group's reputation

The Group provides customers with a one-year warranty relating to defects liability and a ten-year warranty relating to structural matters, in each case commencing from the date of delivery of the relevant property. The defect and structural warranties the Group provides to its customers are supported by warranties given to the Group by the consultant and contractor to whom the Group had outsourced the design and construction of the relevant development, respectively. Pursuant to the terms of the Group's construction contracts, however, the Group's contractors are not required to maintain insurance beyond one year from the date of completion of construction. The Group could incur significant costs to satisfy warranty claims from its customers if the relevant consultant and/or contractor disputes or is unable to meet the claim (whether as a result of insolvency, lack of insurance coverage or otherwise), including the costs of defending against the claim or seeking reimbursement from the relevant contractor, which could materially adversely affect the Group's operations, financial condition, results of operations and prospects. The Group does not make provisions in its financial statements for any contingent liabilities arising out of such warranties.

Furthermore, widespread defects, which are not addressed in a timely manner or at all by the contractor could generate significant adverse publicity and have a negative impact on the Group's reputation and ability to sell its properties, which in turn would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group and its contractors may be unable to recruit or retain experienced and/or qualified personnel

The Group's current operations and continued growth depend, in part, on the Group's ability to attract and retain experienced and/or qualified personnel. Additionally, given the Group relies on contractors for its developments, the Group's contractor's ability to attract and retain experienced and/or qualified personnel is also of significance to the Group. In particular, the Group depends on experienced and qualified personnel for the Group's sales, design, business development, project management and finance functions. The Group also depends on technically skilled third parties such as architects and engineers. The contractors that the Group engages for the construction of its projects depend on both skilled and unskilled labourers. The Group also depends on senior management, operational personnel and sales employees who are non-UAE nationals. Recruitment from these countries may become more difficult or costly if their respective currencies appreciate against the AED or if the standard of living in such countries increases compared to that of Dubai. Other factors beyond the Group's control, such as inflation, the cost of living, more onerous or restrictive visa requirements and changes to the legal and tax regime which could make living and working in Dubai less attractive, may also affect the ability of the Group and its contractors to attract and retain expatriate personnel to Dubai.

There can be no assurance that the Group or its contractors will be able to attract or retain the personnel on which the Group's business depends. Any increased competition for or shortage of qualified and/or skilled personnel, or skilled or unskilled labour, could materially increase the Group's costs, impede or delay the completion of its existing projects and the Group's ability to take on new projects and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be exposed to certain environmental liabilities and compliance costs

The environmental laws of the countries of the Middle East are not as developed or as detailed as those of Western Europe and the United States. Although the Group has no reason to believe that it is not in compliance with all applicable environmental laws, there can be no assurance that the Group will not subject to potential environmental liability. If environmental issues arise in relation to any project owned or developed by the Group, this could have a material adverse effect on the relevant project by increasing construction or clean-up costs, preventing, delaying or restricting the development of such property and, possibly, involving of the Group in claims or legal proceedings and therefore making the project less economically viable or not viable at all. In circumstances where an environmental liability arises as a result of the actions of a contractor and/or sub-contractor of the Group, the Group may be unable to recoup any sums that it has paid in connection with the relevant environmental liability from the relevant contractor and/or sub-contractor. The occurrence of any such circumstances, including any adverse outcome of any claims or legal proceedings, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The environmental laws of the UAE impose actual and potential obligations to conduct remedial action on sites contaminated with hazardous or toxic substances. Such laws often impose liability without regard to whether the owner of such site knew of, or was responsible for, the presence of such contaminating substances. These obligations may relate to sites that the Group currently owns or on which the Group is developing its projects. In such circumstances, the owner's liability is generally not limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on, or in, any of the Group's properties, or the liability for failure to remedy property contamination from such substances, could adversely affect the Group's ability to develop or sell such property.

The Group also seeks to comply with non-binding environmental policies and guidelines implemented by the governments of Dubai and the UAE. Over time, such governments may codify such policies and guidelines, or issue laws relating to the environment, which may be binding on the Group and other participants in the Dubai property development sector. The imposition of stricter environmental laws or enforcement policies in the jurisdictions in which the Group operates (and, in particular, in Dubai) could result in substantial costs and liabilities to the Group and could subject the Group's developments to more rigorous scrutiny than is currently the case, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The continued success of the Group's businesses is dependent in part upon disposable income and consumer spending and the continued appeal of Dubai as a tourist and business destination

The economies of the UAE and Dubai were adversely affected by the COVID-19 Pandemic since 2020. According to the IMF, the UAE's real GDP declined by 5.0 per cent. in 2020. Although growth has slightly recovered, with real GDP growth of 3.9 per cent. in 2021 and 5.9 per cent. in 2022 and is expected to increase by 4.1 per cent. in 2023, there can be no assurance that economic growth or performance in Dubai or the UAE, in general, will be sustained. The UAE, as well as many of the countries from which the Group sources its customers, depend in particular on revenue from oil and oil products, the prices of which were materially adversely affected in 2020 and have generally been volatile, with current pricing levels well below historic highs. If the economies of the UAE or Dubai suffer another decline, or if any government intervention fails to support or otherwise restricts or limits the economic growth of the expatriate or general real estate investment community in the UAE or Dubai, the Group's business, results of operations and financial condition could be adversely affected.

According to Dubai's Department of Economy and Tourusm, Dubai encountered drastic decrease of international visitors from 16.73 million in 2019 to 7.28 million in 2021 due to the impact of COVID-19 Pandemic. Although Dubai recorded 14.36 million international visitors in 2022 and the tourism industry in Dubai has been starting to recover, there can be no assurance that the trend of recovery in tourism industry will sustain. A downturn in general economic conditions, rising cost of living in the Emirate, loss of jobs, a decline in the expansion of the expatriate population in the region or other factors that result in a decline in consumer spending could have an adverse effect on the Group's operations including its hospitality and future investment property operations. A decline in tourism to Dubai, resulting from factors including increases in airline travel costs, threats or events of terrorism, or a reduction in travel by foreigners due to the impact of the COVID-19 Pandemic on leisure travellers and business activity in the region, could also have a material adverse effect on the Group's business, financial condition, results of operations and prospects, particularly given the concentration of the Group's business in Dubai.

The Group may not be able to maintain sufficient insurance coverage for the risks associated with the operation of its business

While the Group maintains insurance against standard risks, including fire or accidental damage to property all risk insurance, public liability insurance and workmen's compensation insurance, the terms of such insurance are likely to be less comprehensive, provide for lower levels of compensation and be more expensive than might be expected in more developed markets, such as the United States and Western Europe. The Group's insurance may not fully compensate it for losses associated with damage to its land and projects. There are also certain types of losses, generally of a catastrophic nature, including force majeure events such as earthquakes, floods, hurricanes, pandemics such as the COVID-19 Pandemic, political risk, civil unrest, terrorism or acts of war, threats to cyber security, as well as certain key man, business interruptions, delays to the Group's projects and labour disputes, that are not economically insurable or generally insured. There may also be other risks which the Group has not foreseen and for which the Group has not obtained insurance cover. It may be difficult to identify appropriate insurance solutions to cover these risks, given the vast variety and complexity of products offered in the insurance market in recent years.

In addition, the Group could lose insurance coverage if its existing policies were not renewed. Furthermore, if a large number of the Group's customers were to bring claims against the Group, any legal costs arising from defending such claims, or any damages it may be required to pay if any such claims against the Group were to be successful, may not be covered adequately by insurance. The Group's properties and business could suffer physical damage from fire or other causes, resulting in losses (including loss of future income) that may not be fully compensated by insurance. If the Group experiences an uninsured or uninsurable loss in the future or if any insurance proceeds which it receives are insufficient to repair or replace a damaged or destroyed property, the Group could incur significant capital expenditure and its business results could be materially adversely affected. The Group may also remain liable for any debt or mortgage, indebtedness or other financial obligations related to the relevant project. Any significant insurance claims in respect of incidents at any of its projects could also result in significantly increased insurance premiums or make the relevant insurance more difficult to obtain. The Group cannot provide any assurance that its insurance coverage will be sufficient to cover the losses resulting from any or all of such events or that the Group will be able to renew existing coverage on commercially reasonable terms, if at all.

Other factors, such as inflation, changes in building laws and regulations and environmental considerations, may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. In the event that the Group suffers losses or damages relating to the Group's land or projects that are not adequately insured, the Group's business, financial condition, results of operations and prospects may be materially adversely affected.

The Group may be liable for certain maintenance costs for its investment properties and unsold development properties

The Group bears the risk of repairing fair wear and tear to its unsold development properties and will bear such risks with respect to its future investment properties, together with paying for the cost of its maintenance. As a result, the Group must use its own resources to carry out such work which may necessitate operational and maintenance capital expenditure. The Group's capital expenditure could increase as a result of a number of factors, including but not limited to, an increase in subcontracted costs, labour costs, repair and maintenance costs, insurance premiums and/or utility costs. In the case of investment properties, not all of these expenses would be capable of being passed on to tenants. In addition, unforeseen maintenance or repair may result in business interruption, payment of damages or other obligations to third parties.

Furthermore, the Group may have limited (if any) control over the operation and maintenance by third parties of properties that are handed over upon completion and sold and that are therefore not managed by the Group as investment properties. Failure to maintain properties, either by third parties or by the Group, could result in customer dissatisfaction and affect the Group's reputation and brand and the value or marketability of its properties. The occurrence of any of these factors could have an adverse effect on the Group's business, financial condition, results of operations and prospects as it relates to its investment properties.

The Group's ability to generate desired returns on its hospitality offering and investment properties will depend on its ability to manage and/or dispose of those properties on appropriate terms

The Group's ability to achieve returns on its hospitality offering and investment properties will be affected by its ability to generate demand for those properties on terms that are attractive to the Group. The Group's investment properties may in the future include retail, residential and commercial spaces for which it may seek to attract tenants and its hospitality offering includes certain hotels and serviced apartments (which have not been sold to investors) for which it seeks to attract guests. From time to time, the Group may also seek to sell hospitality offering and investment properties owned by it.

Revenue earned from, and the value of, the investment properties held by the Group may be materially adversely affected by a number of factors, including:

- the market disruption caused by the COVID-19 Pandemic;
- in relation to its retail properties, an inability to fully let the properties or to achieve target rental returns;
- in relation to its serviced apartments and hospitality properties, an inability to achieve target occupancy rates;
- the Group's inability to adequately manage its communities' maintenance services on commercial terms or at all;
- the Group's inability to collect rent and service charge payments from tenants and owners and other contractual payments on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments or the termination of a tenant's lease, all of which could hinder or delay the re-letting of a property;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- a competitive rental market, which may affect rental levels or occupancy levels at the Group's properties;
- the reputation of the Group within the real estate markets it operates; and
- changes in laws and governmental regulations in relation to real estate, including those governing permitted and planned usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

Any of these factors may have a material adverse effect on the Group's business, financial condition, results of operations and prospects as its relates to its hospitality and investment property businesses.

The rental revenues from the Group's investment property business may depend upon its ability to find tenants, the ability of such tenants to fulfil their lease obligations and the duration of their rental contracts

The Group's future investment property business may depend on its ability to lease space in its properties including re-leasing space in properties where leases are expiring, optimising its tenant mix and leasing properties on economically favourable terms. There can be no guarantee that the Group will find or be able to retain suitable retailers to lease space in its retail spaces or an appropriate mix of tenants in its retail spaces on the terms and conditions it seeks. Financial, economic and political developments in or affecting Dubai and the UAE more generally may impact demand for units, the rental rates the Group is able to agree with its tenants for those units and the footfall throughout its properties. Poor economic conditions generally result in decreased consumer spending, and have in the past resulted, and may in the future result, in tenants seeking to renegotiate the terms of their leases in their favour. Downward rent adjustments may be required to attract certain tenants and maintain occupancy levels, thus reducing rental income. In addition, the financial stability of these tenants may change over time due to factors affecting such tenants directly, such as a downgrading of their credit ratings or broader macroeconomic factors. The Group's results of operations and cash flows relating to its investment property business in the future may be dependent on its tenants' liquidity, solvency, financial performance and their ability to meet their financial obligations. Adverse developments in the Group's tenants' financial health and credit standing, or any inability of such tenants to pay rent for a period of time, with or without cause, may affect, going forward, the financial performance of the Group's investment property business and the cash flows generated by them.

In addition, the laws of Dubai restrict the annual amount by which a landlord is legally able to increase rental charges on commercial premises. The permitted rent increase is dependent on how low the existing rent of the unit is compared to the average market rent applicable to the unit as determined by RERA. The Group's lease term for anchor tenants typically varies from five to 10 years and for other tenants from between one to three years. Therefore, although the market rents chargeable for its retail space may increase, the Group may be unable to fully realise any such increases from its existing tenants, which could adversely affect its profit margins, particularly if associated costs are rising at a faster rate than permissible and/or achievable rental rates.

Although the Group can adjust rents to prevailing market rates, if its anchor or other tenants decide not to renew their leases upon expiration, it may need to expend significant time and money attracting replacement tenants and there is no guarantee that potential new tenants could be sourced or that such tenants would accept the then market rates. New leases could be on terms less favourable than those contained in the expiring leases and a loss of certain tenants may adversely affect the Group's ability to optimise the tenant mix. In addition, in connection with any renewal or re-letting, the Group may incur costs to renovate or remodel the relevant rental space. Any of the foregoing factors could affect footfall levels, rental income and/or occupancy rates in the Group's future investment properties which would reduce the Group's cash flow with respect to its investment property business offering and could have an impact on the Group's business, financial condition, results of operations and prospects.

The Group's future retail properties within the investment property business may depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants

Retail areas are typically anchored by key stores which are nationally or internationally recognised tenants. Furthermore, the Group's retail business in the future may depend on its relationships with key retail groups that franchise prominent brands that may lease units in its properties. The Group's business and results of operations could be adversely affected if an anchor tenant or any of these other retail groups experiences financial difficulties or is subject to business restructurings, reorganisations and changes in corporate strategy and, as a result, fails to comply with their contractual obligations, seek concessions in order to continue operations, or cease or reduce their operations. In addition, anchor tenants and retail groups often have significant bargaining power when negotiating rent and these lease terms. In particular, should a conflict or a deterioration in commercial relations arise between the Group and one of its anchor tenants or retail groups, the Group may face delays in receiving rental payments or have difficulty in negotiating extensions to leases for many or all of the affected units going forward. The Group may in the future agree to lease adjustments to retain retail groups or anchor tenants thus reducing the Group's retail cash flows.

In addition, major tenant closures may result in decreased customer traffic, which could lead to decreased sales at other stores. If the sales of stores operating in the Group's properties were to decline significantly due to closing of anchor tenants, economic conditions or other reasons, tenants may be unable to pay their minimum rents or service charges. Rental income and/or occupancy rates could decline and, to the extent that there is vacant space, rental rates could decline for all tenants. In the event of default by a tenant or anchor store, the Group may experience delays and costs in enforcing its rights as landlord to recover amounts due to it under the terms of its agreements with those parties, which may, in the future, have a material adverse effect on the Group's business, financial condition, results of operations and prospects within the retail part of the Group.

Infringement of the Group's trademarks and other intellectual property could materially adversely affect its business

The Group relies on brand recognition and the goodwill associated with it. Therefore, the name "Damac" and its associated brand and trading names and trademarks are key to the Group's business. Substantial erosion in the value of the brands on which the Group relies, whether due to project related issues, customer complaints, adverse publicity, legal action, third party dealings or other factors, could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Although the Group's management believes that it has taken appropriate steps to protect its trademarks and other intellectual property rights, such steps may be insufficient, and third parties could infringe or challenge such rights, either of which could materially adversely affect the Group's business, results of operations, cash flows or financial condition.

Certain of the Group's businesses are required to maintain and renew numerous licences and permits to operate their businesses, the violation of which could adversely affect their business, financial condition, results of operations and prospects

The Group's operation of its hospitality and leisure facilities requires it to comply with numerous laws and regulations, both at the local and national level, and require the maintenance and renewal of commercial licences and permits to conduct its various businesses in each of the jurisdictions in which it operates. It is the responsibility of the relevant operating entity that is undertaking the activity requiring the licence (with the assistance of the Group) to obtain and maintain such licences.

Because of the complexities involved in procuring and maintaining numerous licences and permits, as well as in ensuring continued compliance with different and sometimes inconsistent local and national licensing regimes, no assurance can be given that the Group will at all times be in compliance with all of the requirements imposed on each of its businesses and properties. The Group's potential failure to comply with applicable laws and regulations or to obtain and maintain requisite approvals, certifications, permits and licences, whether intentional or unintentional, could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of its licences and/or increased regulatory scrutiny, and liability for damages. It could also trigger a default under one or more of its financing agreements, result in contracts to which a Group entity is party being deemed to be unenforceable or invalidate or increase the cost of the insurance that the Group maintains for its businesses (assuming it is covered for any consequential losses). For the most serious violations, it could also be forced to suspend operations until it obtains required approvals, certifications, permits or licences or otherwise brings its operations into compliance. In addition, any adverse publicity resulting from any compliance failure, particularly as regards the safety of any of its retail and leisure offerings, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, changes to existing, or the introduction of new, laws or regulations or licensing requirements in the jurisdictions in which the Group operates are beyond its control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such laws, regulations or licensing requirements could adversely affect its business by reducing its revenue and/or increasing its operating costs, and the Group may be unable to mitigate the impact of such changes. Any of these occurrences could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Guarantor is beneficially owned by a single person, whose interest could conflict with those of Certificateholders

The Guarantor is beneficially controlled by the Founder, who, as at 31 December 2022, controlled 100 per cent. of the Guarantor's shares. As a result, the Founder has the ability to exert significant influence over certain actions requiring shareholder approval, including, but not limited to, increasing or decreasing the authorised share capital of the Guarantor, the election of directors, declaration and payment of dividends, the appointment of management and other policy decisions. While transactions with the Founder and his affiliates can benefit the Guarantor, the interests of the Founder could at times conflict with the interests of the Certificateholders. Although the Group has in the past sought and continues to conclude most of related party transactions on an arm's length basis, conflicts of interest may arise between the Group, its affiliates and the Founder or his affiliates, resulting in the conclusion of transactions on terms other than arms-length. Any such conflict of interest could adversely affect the Group's business, financial condition and results of operations, future prospects and the value of the Certificates.

Risks relating to Dubai, the UAE and the Middle East region

The UAE recently introduced corporation tax

As at the date of this Offering Circular, the Group is not subject to corporation tax (or any other analogous tax) on its earnings within the UAE. However, on 3 October 2022, the UAE issued Federal Decree Law No. 47 of 2022 which introduced a corporate income tax (**CIT**) on business profits, which will come into effect on 1 June 2023 and may impact the Group's future tax charge. The CIT will apply on the adjusted accounting net profits of a business. It will not apply to taxable profits up to AED 375,000 and will apply at a standard statutory tax rate of nine per cent. to taxable profits in excess thereof.

The implementation of changes to corporation tax (or any other analogous tax regime) may have a material adverse effect on the Group's business, financial condition, results of operations and prospects, which in turn could affect the Group's ability to perform its obligations under the Transaction Documents.

If the UAE authorities impose new tax regimes on the Group in addition to the CIT, or introduce any other changes in tax laws which make doing business in Dubai less attractive, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, any imposition of a tax on earnings would reduce the amount of funds which would ordinarily be distributed to the Group's shareholders through dividends.

Investments in emerging markets are subject to greater risks than more developed markets including significant political, social and economic risks

The vast majority of the Group's developments are located in Dubai and therefore the Group's business is sensitive to any change in the political, regulatory and economic environment in the UAE and in Dubai in particular, as well as any weakness in the local real estate market. While the UAE has historically not been affected by political instability, there is no assurance that any political, social, economic and market conditions affecting the MENA region, including Egypt, Libya, Saudi Arabia, Syria and Lebanon, as well as outside the MENA region because of interrelationships within the global financial markets, would not have a material adverse effect on the Group's business, results of operations and financial condition.

Specific risks in the UAE and the MENA region that may have a material impact on the Group's business, results of operations and financial condition include:

- an increase in inflation and the cost of living;
- a devaluation in the dirham or any other currency which has an impact on the Group's business;
- external acts of warfare and civil clashes or other hostilities involving nations in the region;

- governmental actions or interventions, including tariffs, protectionism and subsidies;
- difficulties and delays in obtaining governmental or other approvals, new permits and consents for the Group's operations or renewing existing ones;
- potential lack of transparency or reliability as to title to real property;
- cancellation of contractual rights;
- lack of infrastructure;
- expropriation or nationalisation of assets;
- inability to repatriate profits and/or dividends;
- continued regional political instability and unrest, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism which could adversely affect the UAE economy;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership;
- changing tax regimes, including the imposition of taxes in currently tax favourable jurisdictions, including the UAE;
- arbitrary, inconsistent or unlawful government action, including capricious application of tax laws and selective tax audits;
- limited availability of capital or debt financing; and
- slowing regional and global economic environment.

The economies of the UAE and the wider Middle East region as a whole, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises including, but not limited to, the property development sector, and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Although economic growth rates in the UAE remain above those of many more developed, as well as regional, markets, the UAE has experienced slower economic growth (including periods of negative growth) in recent years, following the downturn experienced as a result of the recent impact of the COVID-19 Pandemic.

To the extent that economic growth or performance or market demand in Dubai slows or declines, the Group's business, financial condition, results of operations and prospects may be adversely affected. Dubai's reliance on a workforce that is comprised significantly of expatriates may exacerbate the risks associated with any of the foregoing circumstances to the extent that foreigners are deterred from living and working in Dubai. Any change in Government policy relating to the Dubai real estate sector or which limits or otherwise has an adverse effect on foreign investment in Dubai could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Investors should also be aware that emerging markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in developing markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

Continued political and economic instability and unrest globally could adversely affect the Group's business

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that the Group's businesses and financial performance may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the MENA region. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008 and, in particular, in light of the COVID-19 Pandemic. Since that time, there has been a slowdown or reversal of the high rates of growth that were experienced by various GCC countries, including the UAE and particularly Dubai. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates, could be adversely affected by any future slowdown.

More recently, economic fallout from the global COVID-19 Pandemic and the Russia-Ukraine conflict (and the related sanctions imposed on Russian persons, entities and institutions) may have further severe negative impacts on the global economy and, in turn, the UAE economy and the economies of other countries where the Group operates. While UAE institutions have taken steps to manage the adverse impact, the UAE's economic trajectory over the medium term may be adversely impacted by regional and global economic impacts of the COVID-19 Pandemic and the Russia-Ukraine conflict (and the related sanctions).

No assurance can be given that the UAE government authorities will not implement regulations or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest/profit rates or exchange controls, or otherwise take actions which could have an adverse effect on the Group's business, financial condition, results of operations, prospects or ability to perform its obligations under the Transaction Documents, or which could adversely affect the market price and liquidity of the Certificates.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the MENA region are not, and there is a risk that regional geopolitical instability could impact the UAE. Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest or terrorism.

In particular, in June 2017 a number of MENA countries, including the UAE, Saudi Arabia, the Kingdom of Bahrain and Egypt severed diplomatic relations with Qatar, citing Qatar's alleged support for terrorism and accusing Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans. The three-year embargo came to an end in January 2021 with diplomatic relations with Qatar being reinstated and land and sea borders reopened following the signing of the Al-Ula Agreement by the UAE, Saudi Arabia, Qatar, the Kingdom of Bahrain, Kuwait, Oman and Egypt.

There has also been an escalation of tension between Iran and a number of western governments in 2019, following the United States' withdrawal from the Joint Comprehensive Plan of Action. This escalation includes the attack on a number of oil tankers in the Strait of Hormuz, the seizure of foreign-flagged oil tankers, missile strikes by Iran on United States military bases in Iraq and the decision of Iran to resume uranium enrichment activities. In addition, in January 2020, the United States carried out a military strike which killed Qassem Soleimani, a senior Iranian military commander. As a result of this military strike, Iran launched missiles at U.S. bases in Iraq.

On 17 January 2022, the Houthis, a militant Yemeni movement, claimed responsibility for what the UAE described as a drone and missile attack on Abu Dhabi at the facilities of Abu Dhabi National Oil Corporation, a state-owned oil company. In the following weeks, UAE forces intercepted three more hostile drones that entered UAE airspace, one of which was claimed by an Iraqi militia group. These situations have caused significant disruption to the economies of affected countries and may have had a destabilising effect on international oil and gas prices. In February 2022, an armed conflict ignited between Russia and Ukraine. The conflict is resulting in tragic loss of life, a flux of refugees to neighbouring countries, as well as causing significant damage to Ukraine's physical infrastructure. The United States, the United Kingdom, the EU, Japan, Canada and other countries have implemented extensive and unprecedented sanctions (including SWIFT cut-off) against certain Russian entities, persons and sectors, including Russian financial, oil and defence companies as a result of the conflict. In addition, certain countries in the North Atlantic Treaty Organisation have banned the import of Russian oil and transactions with the Central Bank of Russia, with more predicted to follow suit in respect of Russian gas. As a result of the Russia-Ukraine conflict, the economic sanctions imposed on Russia and any retaliatory measures that Russia could adopt in response to the sanctions, energy and commodity prices – including wheat and other grains – have surged, adding to the inflationary pressures experienced globally due to supply chain disruptions caused by the COVID-19 Pandemic, and there will likely be significant disruptions to regional economies and global financial markets. While not directly impacting the UAE's territory, the dispute could negatively affect the Group's customers, in particular those originating from the CIS. This, in turn, may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although, to date, there has been no significant impact on Dubai or the UAE.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the Emirate. These steps make it potentially more vulnerable should regional instability increase. In addition, the continued instability affecting countries in the MENA region could negatively impact the number of foreign businesses seeking to invest in the UAE, while also affecting the number of tourists visiting the UAE.

A general downturn, political instability or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Group's businesses, financial condition, results of operations and prospects.

The GCC economies are dependent on the price of oil, which has been volatile

The UAE economy as a whole, and the economies of other countries in the GCC, are exposed to oil price volatility and are affected by the level of government spending. Oil represents a sizeable segment of the economies of countries in the GCC, including the UAE, and has contributed to the increase in economic activity in the region, including the demand for properties and property development. Oil prices are highly volatile and extremely sensitive to political and economic turmoil. In addition, the price of oil and its volatility depend on factors including global economic and weather conditions; actions by OPEC; government regulations, both domestic and foreign; price inflation of raw materials; regional conflicts in the oil producing nations; the price of foreign imports of oil and gas; the cost of exploring for, producing, and delivering oil and gas; the discovery rate of new oil and gas reserves; the rate of decline of existing and new oil and gas reserves; the ability of oil and gas companies to raise capital; and the overall supply and demand for oil and gas.

As oil is the most important export of GCC and certain other countries where the Group's customers originate from, any change in oil prices affects various macroeconomic and other indicators, including, but not limited to, GDP, government revenues, balance of payments and foreign trade. International oil prices have been volatile in the past three years, with the monthly OPEC Reference Basket price reaching U.S.$70.78 in April 2019, decreasing sharply to U.S.$17.66 in April 2020 amid the COVID-19 Pandemic and recovering to U.S.$82.11 in October 2021. In March 2022, the average price of the OPEC Reference Basket price was U.S.$113.48 per barrel. Monthly average OPEC Reference Basket prices exceeded U.S.$100 for most of 2022 due to greater demand forecasts and geopolitical tensions around the full-scale Russia-Ukraine conflict which commenced in late February 2022. The monthly price per barrel of Arabian Light Crude Oil has also moved in line with these trends.

On 9 and 12 April 2020, a series of meetings took place between OPEC and non-OPEC oil producing countries participating in the Declaration of Cooperation, which culminated in an agreement to reduce their overall oil production in stages between 1 May 2020 and 30 April 2022 (the **OPEC Agreement**). According to the OPEC Agreement, during an initial two-month period beginning on 1 May 2020, production should have been reduced by a total of 9.70 million barrels per day, followed by a six month period starting on 1 July 2020 when production had to be reduced by a total of 7.68 million barrels per day and followed by a subsequent 16-month period between 1 January 2021 and 30 April 2022 when production should be reduced by a total of 5.76 million barrels per day. On 18 July 2021, the 19th OPEC and non-OPEC Ministerial Meeting (the **OPEC and non-OPEC Meeting**) decided to extend the OPEC Agreement until 31 December 2022 and adjust upward their overall production by 0.4 mb/d on a monthly basis starting August 2021 until phasing out the 5.8 mb/d production adjustment. On 5 October 2022, the 33rd OPEC and non-OPEC Meeting decided to extend the OPEC Agreement until 31 December 2023 and adjust downward the overall production by 2mb/d from the August 2022 required production levels, starting in November 2022. The 34th OPEC and non-OPEC Meeting in December 2022 and the 48th of the Joint Ministerial Monitoring Committee of OPEC in April 2023 reaffirmed the decision of the previous OPEC and non-OPEC Meetings. In addition, a number of OPEC and non-OPEC countries announced voluntary downward production adjustment in April 2023. The next market assessment is scheduled to take place in June 2023. There can however be no assurance that the OPEC Agreement will continue to be implemented by all relevant parties or that it will achieve its stated goals or what effect it will have on global oil prices in the short to medium term.

Further factors that may affect the price of oil include, but are not limited to:

- regional and global economic and political developments, including the Russia-Ukraine conflict and international response measures;
- maintenance of the sanctions regimes relating to Venezuela and Iran;
- general economic and political developments in oil-producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil-producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil-producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels;
- the impact of COVID-19 Pandemic or other pandemics; and
- global weather and environmental conditions.

For the years 2020 to 2022, approximately 19 per cent. of the Group's total sales value was derived from nationals of the countries in the Middle East and, accordingly, should there be a significant decrease in oil prices negatively affecting the economies of the region, this could limit the interest or ability of customers and potential customers who are based in the Middle East to buy the Group's properties.

Any decrease in the rate of growth of the economies in the region could also result in a reduction in investment in infrastructure, which directly affects the value of the Group's properties and the Group's ability to undertake new projects. The slowing of these economies could also negatively affect investment in and demand for the Group's properties, which could result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A lack or a perceived lack of transparency in Dubai real estate market may adversely impact the Group

Whilst Dubai's real estate market has recently entered the "transparent" score according to the 2022 Global Real Estate Transparency Index published by Jones Lang LaSalle, no assurance can be given that it will remain in this category in the future. The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, the accessibility of information relating to counterparties and land title, the reliability of market data, the clarity of regulations relating to all matters of real estate conveyance and access to government agencies able to verify information provided by counterparties in connection with real estate transactions. There can be no assurance that the factors described above will not result in the discovery of information or liabilities that could affect the value, expected purpose or returns on investment of the Group's investments.

The Group may be negatively affected by changes in laws and regulations in Dubai and the UAE generally, in particular with respect to the real estate market and taxation, and some of the laws and regulations are relatively new or under development, giving rise to uncertainty in their interpretation and application

The laws and regulations to which the Group is subject in the UAE can limit its activities and ability to realise returns, and any new laws or regulations or changes to existing laws and regulations could materially affect the Group's business, financial condition, results of operations and prospects. For example, the introduction of the Escrow Law resulted in the Group having to change the way it funds construction costs.

The real estate market of Dubai and of the UAE generally has been open to investment by non-UAE nationals for a relatively short time. Compared to more mature real estate markets, such as those in Western Europe and North America, the Dubai real estate market is more exposed to risks relating to the involvement of, or intervention by, the Government. For instance, the Government controls the supply of land available to Government-linked master developers and the rate at which infrastructure for such land is implemented, giving it control over the amount and rate of property development. In addition, the laws and regulations that currently regulate the real estate market in the region are relatively new or under development and, accordingly, there is uncertainty surrounding their interpretation and application. Further risks may develop if these laws are modified or if new laws are enacted, including any change to the law permitting non-UAE residents to own real estate in Dubai. In particular, those laws and regulations that are applicable to the Group's activities in countries outside the UAE pertaining to foreign investment and trade, taxation, title to securities, and transfer of title can change quickly, sometimes with retroactive effect and in a manner more volatile or extreme than in developed market economies. Any change in the regulatory framework may require a considerable amount of time for the Group, as well as other participants in the real estate industry, to interpret and may lead to unfavourable market conditions, and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. For example, the DLD Transfer Fee was increased to four per cent. in 2013 and mortgage rules were introduced (See "*Relevant Real Estate Legislation–Property Mortgage Rules*") also in 2013. In addition, the new VAT law which came into effect from 1 January 2018 and the corporation tax which will come into effect on 1 June 2023 may affect the demand for the Group's commercial properties in Dubai, and has impacted the Group's costs and pricing (See "*Risks relating to Dubai, the UAE and the Middle East region - The UAE has recently introduced VAT*" *and* "*Risks relating to Dubai, the UAE and the Middle East region - The UAE recently may introduced corporation tax*"). In addition to the risk of change of law or regulation, there is a risk of change in interpretation of existing laws and regulations by the authorities. These changes could result in a requirement for the Group to restructure its operations in a particular country to comply with any such changes. While the Group will take measures to mitigate the effect of any such changes, there can be no assurance that it will be able to do so.

The manner in which the laws and related regulations in Dubai relating to real property and real property rights are applied is still evolving. No assurance can be given that the current laws will be enforced or interpreted in a manner that will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Other changes that may have a material adverse effect on the Group include:

- changes to the UAE planning and construction laws and regulations;
- changes in the UAE building and construction codes (which could increase construction costs);
- changes to the Escrow Law or any other laws restricting the Group's ability to sell units off-plan;
- changes to the laws relating to real estate brokerage;
- changes to UAE visa laws restricting or prohibiting the influx of expatriate workers;
- changes to, or the revocation of, the laws allowing ownership of land by non-UAE nationals; and
- the introduction of limits or restrictions on mortgage financing.

If any of these factors were to occur, they could, singly or in aggregate, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Guarantor is incorporated in the DIFC, which is a relatively newly established jurisdiction whose legal framework is untested

The DIFC is a relatively newly established jurisdiction and as a result the legal and regulatory regimes applicable to the Guarantor and other companies domiciled in the DIFC, including the relevant companies' laws, are still being developed and are largely untested. Similarly, the courts of the DIFC have yet to issue any substantive decisions, which may lead to ambiguities, inconsistencies and anomalies in the interpretation and enforcement of the laws and regulations applicable to the Guarantor, including with respect to rights of holders of the Certificates. These uncertainties could affect investors' abilities to enforce their rights or the Guarantor's ability to defend itself against claims by others, including regulators, judicial authorities and third parties who may challenge its compliance with applicable laws, rules, decrees and regulations.

Disclosure obligations, financial controls and corporate governance requirements and protections for holders of securities in companies incorporated in the DIFC may be less extensive than those of jurisdictions with major securities markets

The Guarantor's corporate affairs are governed by the applicable companies laws of the DIFC and the rights of holders of the Certificates and the responsibilities of members of the Board under such laws are different in certain respects from those applicable to corporations organised in the United States, the United Kingdom and other jurisdictions. In particular, because regulations concerning reporting requirements and auditing standards for DIFC companies may be less extensive than those applicable to companies incorporated in the United States or the United Kingdom, there is generally less information available about the Guarantor and other DIFC companies than companies in other jurisdictions. Similarly, legal protections against such practices as market manipulation and insider trading are less developed in the DIFC because the DIFC is a relatively newly established jurisdiction and, consequently, securities laws and regulations in the DIFC generally are not as comprehensive, and have not received as much judicial or regulatory interpretation or review, as those in the United States, the United Kingdom and other countries with established securities markets. As a result of these factors, investors may have greater difficulties in protecting their interests as a holder of securities. See also "*The Guarantor is beneficially owned by a single person, whose interest could conflict with those of Certificateholders*".

Foreign exchange policy, inflation and exchange rates may adversely affect the Group's business, financial condition, results of operations and prospects

Prices for the Group's units are mainly quoted and paid for in AED or in local currencies which are also pegged to the U.S. dollar. The AED has been "pegged" at a fixed exchange rate to the U.S. dollar since 22 November 1980. The relative weakness of the U.S. dollar over the past decade has made investment into the UAE more attractive to investors whose base currency is not, or is not pegged to, the U.S. dollar. Accordingly, the Group's ability to sell properties to customers purchasing in currencies other than the AED or another currency pegged to the U.S. dollar may be materially adversely affected if the U.S. dollar strengthens against the currencies of such customers' jurisdictions, as demand from such customers would likely fall. Similarly, if the AED/U.S. dollar peg were removed or altered, and were to result in a strengthening of the AED against the currencies of jurisdictions in which a significant number of the Group's customers are based, the Group's properties may become less attractive to such customers, which may result in a decrease in demand for the Group's properties and require the Group to realise smaller margins or losses on units sold. Many of the Group's customers are based outside the UAE in jurisdictions whose currencies are not pegged to the U.S. dollar and, accordingly, the Group is exposed to the potential impact of any change to, or abolition of, the exchange rate peg between the U.S. dollar and the AED.

Inflation and foreign currency exchange rates in the UAE have historically been contained and stable. Monetary policy is set by the Central Bank of the UAE and fiscal policy is set by the Federal Ministry of Finance for the federal budget, and by each of the individual Emirates for the respective Emirate budgets; however, change in monetary policy is to some extent restricted due to the AED being pegged to the U.S. dollar. In the event of excessive inflation, devaluation in the local currency, or an elimination of the AED/U.S. dollar peg which allows for greater change in UAE monetary policy, the results of operations of UAE companies, including the Group, would be materially adversely affected. See also "*The Group could be adversely affected by market risks*".

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

Risks Relating to the Certificates and the Guarantee

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

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

The Guarantee will be structurally subordinated to the obligations of certain of the Guarantor's subsidiaries

The Guarantee is being provided by the Guarantor which is a holding company that is reliant on the cash flows of its subsidiaries to service any actual liabilities under the Guarantee. None of the Guarantor's subsidiaries will guarantee the Certificates. Certificateholders will therefore not have any direct claim on the cash flows or assets of the Guarantor's subsidiaries and the Guarantor's subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Guarantee or to make funds available to the Guarantor for those payments. Generally claims of creditors of the Guarantor's subsidiaries, including financiers and trade creditors, will have priority with respect to the assets and earnings of the relevant subsidiary over the claims of its ordinary shareholders, including the claims of the Guarantor. Accordingly, claims of creditors of the Guarantor's subsidiaries will also generally have priority over the claims of creditors of the Guarantor. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceedings of any of the Guarantor's subsidiaries, the trade creditors and other creditors of such subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution or payment to the Guarantor. The Guarantee will be structurally subordinated to the claims of creditors (including financiers and trade creditors) of the Guarantor's subsidiaries.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Certificates. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 5.2, the sole rights of each of the

Trustee and/or the Delegate (acting on behalf of the Certificateholders), will be against each of the Guarantor and the Servicing Agent to perform its respective obligations under the Transaction Documents to which it is a party.

No Certificateholder shall be entitled to proceed directly against the Trustee, the Guarantor or the Servicing Agent unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee, the Guarantor and the Servicing Agent shall be to enforce their respective obligations under the Transaction Documents to which they are a party. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Certificates.

Following the enforcement, realisation and ultimate distribution of the net proceeds of the Trust Assets in accordance with the Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including the Guarantor and the Servicing Agent to the extent they fulfil their respective obligations under the Transaction Documents to which they are a party) to recover any such sum in respect of the Certificates or the Trust Assets.

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

No diligence will be conducted in respect of any Leased Assets

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Leased Assets. Such Leased Assets will be selected by the Guarantor. The Certificateholders, the Trustee and the Delegate will have no ability to influence such selection and only limited representations will be obtained from the Guarantor or the relevant subsidiary of the Guarantor in respect of the Leased Assets. Only limited representations will be obtained from Royal Crown Properties LLC and Front Line Investment Management L.L.C in respect of the Lease Assets. Although Royal Crown Properties LLC and Front Line Investment Manageemnt L.L.C have undertaken in the Sale and Purchase Agreements to do all acts or things as may be reasonably requested by the Trustee or required by applicable law to implement the intended purpose of the Sale and Purchase Agreements or otherwise to preserve or enforce the Trustee's rights under the Sale and Purchase Purchase Agreements, the parties have acknowledged that the title to the Lease Assets is not intended to be registered (to the extent registrable) in the name of the Trustee and the relevant seller shall continue to hold the registered title to the relevant Lease Assets for and on behalf of the Trustee. Therefore, other than from a Shari'a perspective, Certificateholders shall not have any interest in any Lease Assets which require perfection in order to legally transfer any ownership interest therein.

Transfer, possession, custody or control of the Lease Assets

No investigation has been or will be made by the Trustee, the Guarantor, the Joint Lead Managers, the Delegate or any Agent as to whether any interest in any Lease Asset may be transferred as a matter of the law of the jurisdiction where such assets are located or any other relevant law and no investigation has been or will be made by the Trustee, the Guarantor, the Joint Lead Managers, the Delegate or any Agent as to whether Front Line Investment Management L.L.C and/or Royal Crown Properties LLC is in actual or constructive possession, custody or control of any Lease Asset.

The occurrence of a Partial Loss Event could result in the Certificates being redeemed early

If a Partial Loss Event occurs with respect to the Lease Assets, the Front Line Investment Management L.L.C (in its capacity as **Lessee**) may, within 30 days after the Partial Loss Event (and provided that the relevant Lease Assets have not already been replaced in accordance with the Servicing Agency Agreement), deliver to the Trustee a Partial Loss Termination Notice, pursuant to which the Lease shall terminate on the 61st day after the date of the

Partial Loss Event, and such termination of the Lease in the circumstances set out in this paragraph shall constitute an Guarantor Event, following which the Certificates may be redeemed in full in accordance with the Conditions.

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

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

Legal investment considerations may restrict certain investments

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

Absence of secondary market / limited liquidity

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

Admission to listing and trading on the GEM cannot be assured

The Trustee and the Guarantor have applied for the Certificates to be admitted to the Official List of Euronext Dublin and to trading on the GEM. 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 the GEM, or a delisting of the Certificates from such market, may have an adverse effect on a Certificateholder's ability to hold, or resell, the Certificates.

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

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

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

The Certificates may be redeemed prior to the Scheduled Dissolution Date if: (i) the Trustee has or will become obliged to pay additional amounts under the Certificates; (ii) the Servicing Agent has or will become obliged to pay additional amounts to the Trustee pursuant to the Service Agency Agreement; or (iii) the Guarantor has or will become obliged to pay additional amounts to the Trustee pursuant to the Guarantee, in each case (a) as a result of any change in, or amendment to, the laws or regulations of the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date, and (b) such obligation cannot be avoided by the Trustee, the Servicing Agent or the Guarantor, as the case may be, taking reasonable measures available to it.

The Certificates may also be redeemed prior to the Scheduled Dissolution Date at the option of the Guarantor (a) if 25 per cent. or less in face amount of the Certificates originally issued remain outstanding after the occurrence of a Change of Control Event or a Tangibility Event and the corresponding redemption of Certificates on the Change of Control Put Right Date pursuant to Condition 8.3 or the Tangibility Event Put Right Date pursuant to Condition 8.4, as the case may be; (b) on the General Clean Up Call Right Dissolution Date, if 20 per cent. or less in face amount of the Certificates originally issued remain outstanding, or (c) on the Optional Call Right Dissolution Date.

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

Exchange rate risks and exchange controls

The Trustee will make all payments on the Certificates in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the principal payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

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

Risks relating to enforcement

There can be no certainty as to the outcome of any application of DIFC bankruptcy law

In the event of the Guarantor's insolvency, DIFC bankruptcy laws may adversely affect the Guarantor's ability to perform its obligations under the Guarantee and, consequently, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how a claim on behalf of Certificateholders against the Guarantor upon its insolvency would be resolved.

These uncertainties and lack of precedent make it difficult to predict the exact outcome with respect to possible contractual and payment issues and may materially adversely affect Certificateholders' ability to enforce their rights with respect to the Certificates and any other contractual or performance related remedies that might otherwise be available.

The Guarantor and certain of its subsidiaries are incorporated in, and the majority of its assets are located in, the DIFC and the UAE respectively, and it may be difficult for Certificateholders to enforce judgments against the Guarantor, those subsidiaries or the Directors and senior management.

The Guarantor is incorporated in the DIFC and has its headquarters in Dubai. Its operating assets are held by companies incorporated in, and governed by, the laws of the UAE. The majority of the Group's assets are located in the UAE and the Middle East. In addition, a majority of the Directors and senior management of the Group reside in Dubai and all or a substantial portion of their personal assets may be located within the UAE. As such, it may be difficult or impossible to effect service of process in jurisdictions outside of the UAE, including in the UK, upon the Group's subsidiaries or the Directors or such persons, or to recover on judgments of courts outside of the UAE, including in the UK, or against them, including judgments predicated upon civil liability provisions of UK laws, as the case may be.

The courts of the DIFC and the UAE would not enforce judgments of UK courts obtained in actions against the Group, the Directors or senior management, predicated upon the civil liability provisions of US federal securities laws. Nor will the courts of the DIFC and the UAE entertain original actions brought in the DIFC and the UAE against such persons predicated solely upon US federal securities laws or equivalent UK laws. Further, the Group has been advised by its counsel that there is no treaty in effect between either the United States or the UK and the DIFC or the UAE providing for the enforcement of judgments of US or UK courts in civil and commercial matters. Some remedies available under the laws of the UK may not be allowed in the courts of the DIFC and the UAE on public policy grounds. Since judgments of UK courts are not automatically enforceable in the DIFC and the UAE, it may be difficult for investors to recover against the Group based upon such judgments. In addition, notwithstanding that the UAE acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the **New York Convention**) in 2006, investors may also have difficulties in enforcing arbitration awards in the UAE against the Group or the Directors or senior management.

There may be limitations on the effectiveness of guarantees in the UAE

As described below, the UAE courts are unlikely to enforce an English judgment without re-examining the merits of the claim, including the validity of the obligations of the parties contained in the underlying documentation. If a UAE court were to re-examine the merits of a claim made against the Guarantor for payment under the Guarantee, notwithstanding that the Guarantee is governed by English law, the UAE court may interpret the Guarantee in light of UAE law principles rather than English law principles.

In order to enforce a guarantee in the UAE courts, the underlying debt obligation may need to be proved before the UAE courts and the obligations of a guarantor are incidental to the obligations of the principal debtor. Accordingly, the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor. UAE law does not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplates a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the UAE courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform. Consequently, were a UAE court to re-examine the merits of a claim made against the Guarantor for payment under the Guarantee, if the Trustee's obligation to make payment under the Certificates cannot be proven to the satisfaction of the UAE court, the court may conclude that there is no obligation on the Guarantor to make payment in the full amount claimed under the Guarantee.

There is a risk that a UAE court may apply UAE law provisions applicable to guarantees of civil obligations to guarantees of commercial obligations, including guarantees in respect of financial arrangements. If a UAE court were to do so, a guarantor may be released from its obligations under a guarantee if the creditor fails to make a claim against the guarantor within six months of the date that the underlying debt obligation became due in accordance with Article 1092 of the Federal Law No. 5 of 1985 (the **Civil Code**).

A change of law may adversely affect the Certificates

The structure of the issue of the Certificates is based on English law, the laws of the Emirate of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE, the laws of the DIFC, and administrative practices in effect as at the date of this Offering Circular, and the Certificates and certain Transaction Documents are governed by English law. No assurance can be given as to the impact of any possible change to English, Dubai, UAE or DIFC law or administrative practices after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of the Guarantor or the Servicing Agent to comply with its respective obligations under the Transaction Documents to which it is a party.

Investors may experience difficulty in enforcing arbitral awards and foreign judgments in Dubai

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

The Guarantor has irrevocably agreed that the Declaration of Trust, the Agency Agreement, the Guarantee and the Murabaha Agreement 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 in London under the Rules of the London Court of International Arbitration (the **LCIA**). Under the Conditions, any dispute arising from the Conditions or any non-contractual obligations arising out of or in connection with them may be referred to arbitration in London under the Rules of the LCIA.

The New York Convention entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, any arbitration award rendered in London should therefore be enforceable in Dubai (being the jurisdiction in which many of the Guarantor's assets are located) in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the Dubai courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). The uncertainty regarding the interpretation and application of the New York Convention provisions by the UAE courts is further reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force within other Emirates. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused. Article 133(2) of Federal Law No.42 of 2022 regarding the Law of Civil Procedure (the **UAE Civil Procedure Law**) also governs the enforcement of foreign arbitral awards in the UAE. The UAE Civil Procedure Law confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that the conditions for enforcement of foreign arbitral awards set out in the New York Convention shall not be prejudiced by the UAE Civil Procedure Law. However, there is not established track record as to how the overlapping provisions of the New York Convention and the UAE Civil Procedure Law will be interpreted and applied by the UAE courts in practice. There is also a risk that, notwithstanding the New York Convention, the UAE Civil Procedure Law or the terms of any other applicable multilateral or bilateral enforcement convention, the UAE courts may in practice consider and apply the grounds for enforcement of domestic UAE arbitral awards set out in Federal Law No. 6 of 2018 (the **UAE Arbitration Law**) to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the UAE Civil Procedure Law are both new and it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Under the Conditions and each of the Declaration of Trust, the Agency Agreement, the Guarantee and the Murabaha Agreement, at the option of the Delegate, any dispute may also be referred to the courts in England or the DIFC courts (or such other court with jurisdiction which the Delegate may elect).

Where an English judgment, or any other foreign judgment, has been obtained, there is no assurance that the Guarantor has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. The Guarantor is incorporated in the DIFC under DIFC Law No. 2 of 2009 and many of its assets are located in the UAE. Under current UAE federal law, the courts in the UAE are unlikely to enforce an English judgment, or such other foreign judgment, without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the relevant Transaction Documents or the Certificates. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with the laws of Dubai and the UAE, and public policy, order or morals in the UAE. This may mean that the UAE courts may seek to interpret English law governed documents as if they were governed by UAE law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such documents in the same manner as the parties may intend.

As the UAE judicial system is based on a civil code, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty. The enforcement of a foreign judgment or arbitral award may be a lengthy process in the UAE.

In the case of any dispute under the Conditions and/or the Declaration of Trust, the Agency Agreement, the Guarantee and the Murabaha Agreement, at the option of the Delegate, referred to the DIFC Courts, under Article 7 of Law No. 16 of 2011 (as defined below), any final and unappealable judgment, order or award made by the DIFC Courts in favour of the Delegate (on behalf of the Certificateholders) must, upon application by the Delegate to the Dubai Court of Execution, be enforced against an obligor and/or its assets situated in Dubai by the Dubai Court of Execution without that court being able to reconsider the merits of the case.

Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts (**Law No. 16 of 2011**) came into force in the Emirate of Dubai on 31 October 2011 and extended the jurisdiction of the DIFC Courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the DIFC Courts.

Investors should note however that, as at the date of this Offering Circular, Law No. 16 of 2011 remains relatively untested and there is therefore no certainty as to how the DIFC Courts intend to exercise their jurisdiction under the new law should any party dispute the right of the DIFC Courts to hear a particular dispute where any party is unconnected to the DIFC, nor is there any certainty that the Dubai Court of Execution will enforce the judgment of the DIFC Court without reconsidering the merits of the case.

Additional Risk Factors

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Guarantor or the Certificates. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above or any other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. The Trustee has no obligation to inform Certificateholders of any revision, downgrade or withdrawal of its current or future credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Guarantor and/or the Certificates may adversely affect the trading price of the Certificates.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU 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-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU 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). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the United Kingdom, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

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

The Certificates will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates are represented by the Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

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

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

No assurance can be given as to Shari'a rules

Each of Khalij Islamic, Sharia Adviser to Deutsche Bank Aktiengesellschaft, the Internal Shari'a Supervision Committee of Emirates NBD – Islamic and the Shari'a advisers of J.P. Morgan Securities plc has confirmed that the Transaction Documents are, in its view, Shari'a compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be Shari'a compliant by any other Shari'a board or Shari'a scholars. None of the Trustee, the Guarantor, the Delegate, the Agents or any of the Joint Lead Managers makes any representation as to the Shari'a compliance of the Certificates and/or any trading thereof and potential investors are reminded that, as with any Shari'a views, differences in opinion are possible. Potential investors should obtain their own independent Shari'a advice as to the compliance of the Transaction Documents and the issue and trading of the Certificates with their individual standards of compliance with Shari'a principles.

In addition, potential investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents governed by English law would be, if in dispute, the subject of arbitration in London under the LCIA Rules. The Guarantor has also agreed under the Transaction Documents to which it is a party to submit to the exclusive jurisdiction of the courts of England or the DIFC courts, at the option of the Delegate or any Agent (as applicable). In such circumstances, the arbitrator or judge, as the case may be, will first 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 a court

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

Risk Factors relating to taxation

Taxation risks on payments

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

The circumstances described above may entitle the Guarantor and the Trustee to redeem the Certificates pursuant to Condition 8.2. See "*Risks Relating to the Certificates and the Guarantee–Investors may not be able to reinvest redemption proceeds of the Certificates at the same or a higher rate than the profit rate applicable to the Certificates*" for a description of the consequences thereof.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated in, and form part of, this Offering Circular:

(a) the 2022 Financial Statements, together with the audit report thereon, which is available at: https://prod-cdn.damacproperties.com/sites/default/files/documents/financial-statements/damacrealestatedevelopmentlimitedfinancialstatements20221.pdf; and

(b) the 2021 Financial Statements, together with the audit report thereon which is available at: https://prod-cdn.damacproperties.com/sites/default/files/documents/financial-statements/2021ye-dreden.pdf.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

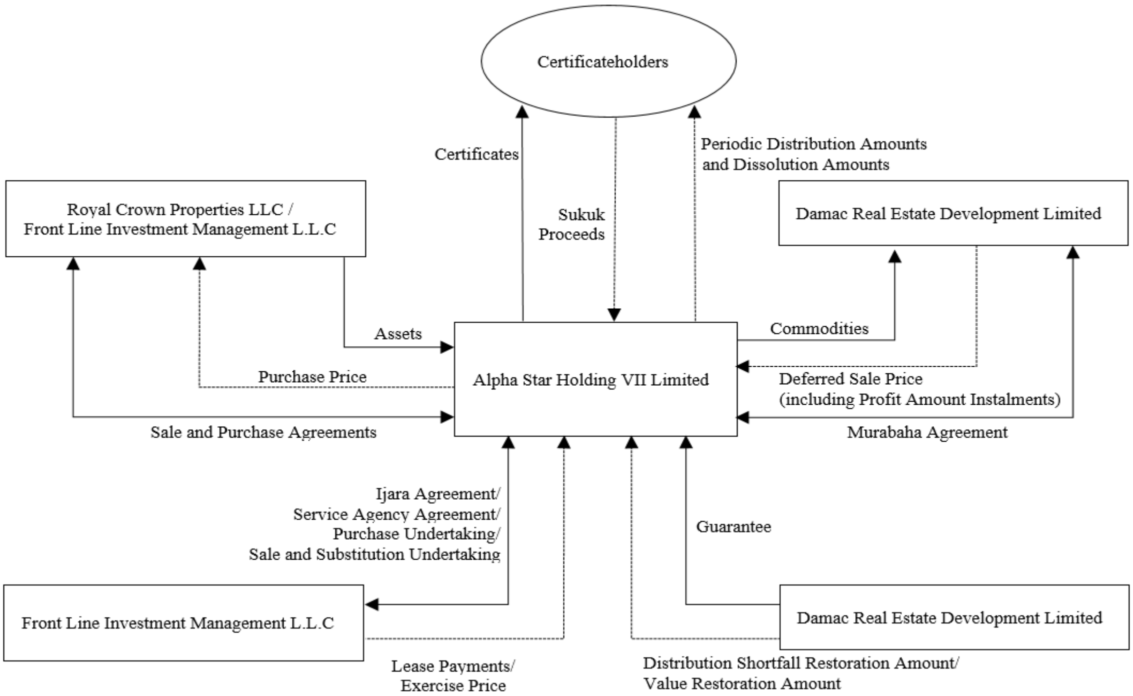
Only certain parts of the documents referred to above are incorporated by reference in this Offering Circular. The non-incorporated parts of the documents referred to above are either not relevant for investors or are covered elsewhere in this Offering Circular.

Copies of the documents incorporated by reference will be available for viewing on the Guarantor's website at https://www.damacproperties.com/en/.

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

Structure Diagram



Principal cash flows

Payments by the Certificateholders and the Trustee

On the Issue Date, the Certificateholders will pay the issue price (the **Sukuk Proceeds**) in respect thereof to the Trustee, and the Trustee will pay:

(c) at least 55 per cent. of the aggregate face amount of the Certificates as the purchase price (the **Purchase Price**) payable under the Sale and Purchase Agreements for certain real estate assets located in the Emirate of Dubai (the **Assets**) pursuant to (i) a sale and purchase agreement between the Trustee and Front Line Investment Management L.L.C (**Front Line**); and (ii) a sale and purchase agreement between the Trustee and Royal Crown Properties LLC, (together the **Sale and Purchase Agreements**); and

(d) the remaining portion of the Sukuk Proceeds (which shall be no more than 45 per cent. of the aggregate face amount of the Certificates) (the **Commodity Purchase Price**) for the purchase of commodities to be on-sold to the Guarantor 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**) pursuant to a murabaha agreement between the Trustee, the Guarantor and the Delegate (the **Murabaha Agreement**).

Periodic Distribution Payments

On each Periodic Distribution Date, the Servicing Agent (on behalf of the Trustee) will apply amounts standing to the credit (or equivalent) of the Collection Account (comprised of a Lease Payment pursuant to the Ijara Agreement and a Profit Amount Instalment pursuant to the Murabaha Agreement, payable by Front Line and the

Guarantor (acting in their relevant capacities under the Lease Agreement and the Murabaha Agreement, as applicable) in connection with such Periodic Distribution Date) in payment into the Transaction Account of an amount which is intended to be sufficient to fund the Periodic Distribution Amount payable by the Trustee under the Certificates.

To the extent that there is a shortfall between: (a) the profit collections credited to the Transaction Account and available for distribution to the Certificateholders on a Periodic Distribution Date; and (b) the Periodic Distribution Amount due to and scheduled for distribution to Certificateholders on that date, the Guarantor will, pursuant to the Guarantee, make up that shortfall (the **Distribution Shortfall Restoration Amount**) by depositing such Distribution Shortfall Restoration Amount in the Transaction Account on or before the relevant Periodic Distribution Date for payment to the Certificateholders.

Dissolution Payments

On the Scheduled Dissolution Date:

(a) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Purchaser; and

(b) the Trustee will have the right under the Purchase Undertaking to require Front Line (in its capacity as lessee) to purchase all of its rights, title, interests, benefits and entitlements in, to and under the Lease Assets for an amount equal to the Exercise Price.

The Exercise Price payable by Front Line 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 to be paid by the Trustee under the Certificates.

The Trust may be dissolved prior to the Scheduled Dissolution Date for any of the following reasons: (a) upon the occurrence of a Dissolution Event; (b) upon the occurrence of a Total Loss Event (unless the Lease Assets have been replaced in accordance with the Servicing Agency Agreement); (c) upon the occurrence of a Tax Event; (d) at the option of the Certificateholders following a Change of Control Event or a Tangibility Event; (e) at the option of the Guarantor on the Clean Up Call Right Dissolution Date if 25 per cent. or less in face amount of the Certificates originally issued remain outstanding after the occurrence of a Change of Control Event or a Tangibility Event; (f) at the option of the Guarantor on the General Clean Up Call Right Dissolution Date if 20 per cent. or less in face amount of the Certificates originally issued remain outstanding; and (g) at the option of the Guarantor on the Optional Call Right Dissolution Date.

In the case of (a), (c), (d), (e), (f) and (g) above, the Dissolution Distribution Amount will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date, save that, in the case of (c), (e), (f) and (g), Front Line shall have the right under the Sale and Substitution Undertaking to require the Trustee to transfer to it all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets.

In the case of (b) above, the Dissolution Distribution Amount will be funded using: (i) any proceeds of Insurances and/or (if applicable) the Loss Shortfall Amount payable in respect of the Total Loss Event; and (ii) the aggregate amounts of the Deferred Sale Price then outstanding.

To the extent that there is a shortfall between the Sukuk Liquidation Proceeds deposited in the Transaction Account and the principal amount payable to Certificateholders on the relevant Dissolution Date, the Guarantor will, pursuant to the Guarantee, make up that shortfall (the **Value Restoration Amount**) by depositing such Value Restoration Amount in the Transaction Account on or before the relevant Dissolution Date for payment to the Certificateholders.

OVERVIEW OF THE OFFERING

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

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

Certificates	U.S.$400,000,000 trust certificates due 2026.
Trustee	Alpha Star Holding VII Limited, a prescribed company incorporated on 20 March 2023 in the Dubai International Financial Centre having its registered office at the offices of Walkers Professional Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, PO Box 506513, Dubai, United Arab Emirates.
Trustee Legal Entity Identifier (LEI)	54930009KEU618VJFE06.
Ownership of the Trustee	As at the date of this Offering Circular, the Trustee issued 100 shares of U.S.$1.00 each, all of which are fully-paid and held by Walkers Fiduciary Limited as share trustee under the terms of the Share Declaration of Trust.
Administration of the Trustee	The affairs of the Trustee are managed by Walkers Professional Services (Middle East) Limited (the **Administrator**), who provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to an administration agreement dated 12 April 2023 between the Administrator, the Guarantor and the Trustee (the **Adminisration Agreement**).
Guarantor	Damac Real Estate Development Limited, incorporated in the DIFC under DIFC Law No. 2 of 2009 with registered number 1476.
Servicing Agent	Front Line Investment Management L.L.C, a limited liability company incorporated under the laws of Dubai, UAE with license number 570351.
Risk Factors	Certain factors may affect the Trustee's ability to fulfil its obligations under the Certificates and the Guarantor's ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, certain factors are material for the purpose of assessing the market risks associated with the Certificates. These are set out under "*Risk Factors*".
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	Deutsche Bank Aktiengesellschaft, Emirates NBD Bank P.J.S.C. and J.P. Morgan Securities plc.
Joint Bookrunners and Joint Lead Managers	Abu Dhabi Commercial Bank PJSC, Dubai Islamic Bank PJSC and Mashreqbank psc (acting through its Islamic Banking Division)
Delegate	BNY Mellon Corporate Trustee Services Limited.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Irish Listing Agent	Walkers Listing Services Limited.
Summary of the transaction structure and Transaction Documents	An overview of the structure of the transaction and the principal cash flows is set out under "*Structure Diagram and Cash Flows*" and a description of the principal terms of certain of the Transaction Documetns is set out under "*Summary of the Primcipal Transaction Documents*".
Issue Date	27 April 2023.

Issue Price	7.750 per cent. of the aggregate face amount of the Certificates.
Scheduled Dissolution Date	Unless the Certificates are previously redeemed or purchased and cancelled, in full, the Certificates shall be redeemed by the Trustee at the Dissolution Distribution Amount on the Scheduled Dissolution Date (being 27 April 2026) and the Trust will be dissolved by the Trustee.
Dissolution Date	The Dissolution Date shall be, as the case may be: (a) the Scheduled Dissolution Date; (b) the Early Tax Dissolution Date; (c) the Change of Control Put Right Date; (d) the Tangibility Event Put Right Date; (e) the Dissolution Event Redemption Date; (f) the Total Loss Dissolution Date; (g) the Clean Up Call Right Dissolution Date; (h) the General Clean Up Call Right Dissolution Date; or (i) the Optional Call Right Dissolution Date.
Periodic Distribution Dates	27 April and 27 October every year, commencing on 27 October 2023.
Periodic Distributions	A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date, calculated in accordance with Condition 7.
Return Accumulation Period	The period from and including the Issue Date to but excluding the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date or, if earlier, the relevant Dissolution Date.
Optional Redemption by the Trustee or the Guarantor	The Certificates may be redeemed prior to the Scheduled Dissolution Date at the option of the Trustee, at any time, in whole but not in part if: (i) the Trustee has or will become obliged to pay additional amounts under the Certificates; (ii) the Servicing Agent has or will become obliged to pay additional amounts to the Trustee pursuant to the Service Agency Agreement; or (iii) the Guarantor has or will become obliged to pay additional amounts to the Trustee pursuant to the Guarantee, in each case (a) as a result of any change in, or amendment to, the laws or regulations of the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date, and (b) such obligation cannot be avoided by the Trustee, the Servicing Agent or the Guarantor, as the case may be, taking reasonable measures available to it, as more particularly described in Condition 8.2. The Certificates may also be redeemed prior to the Scheduled Dissolution Date if 25 per cent. or less in face amount of the Certificates originally issued remain outstanding after the occurrence of a Change of Control Event or a Tangibility Event and the corresponding redemption of Certificates on the Change of Control Put Right Date pursuant to Condition 8.3 or the Tangibility Event Put Right Date pursuant to Condition 8.4, as the case may be. The Certificates may also be redeemed prior to the Scheduled Dissolution Date at the option of the Guarantor (a) on the General Clean Up Call Right Dissolution Date, if 20 per cent. or less in face amount of the Certificates originally issued remain outstanding, or (b) on the Optional Call Right Dissolution Date.
Optional Redemption by Certificateholders upon a Change of Control Event or a Tangibility Event	The Conditions contain a provision for optional redemption by any Certificateholder of all or part of the Certificates held by it, at the Change of Control Dissolution Distribution Amount, upon the occurrence of a Change of Control Event. A **Change of Control Event** shall occur if at any time (i) the Sajwani Family together cease to own, directly or indirectly,

more than 50 per cent. of the issued share capital of the Guarantor; or (ii) the Sajwani Family together cease to control, directly or indirectly, the Guarantor.

The terms of exercise are further described in Condition 8.3.

The Conditions contain a provision for optional redemption by any Certificateholder of all or part of the Certificates held by it, at the Tangibility Event Dissolution Distribution Amount, upon the occurrence of a Tangibility Event. The terms of exercise are further described in Condition 8.4.

Partial Loss Event

If a Partial Loss Event shall occur with respect to any of the Lease Assets and provided that: (a) the Lease Assets have not been replaced pursuant to the Service Agency Agreement, and a notice of termination of the lease on the 61st day after the Partial Loss Event Date (a **Partial Loss Termination Notice**) has been delivered by the Lessee to the Lessor within a period of 30 days after the Partial Loss Event Date; or (b) the Lease Assets have not been replaced pursuant to the Service Agency Agreement, without prejudice to any right or remedy that the Lessor may have under any Transaction Document or by law, the Lease shall automatically terminate on the 61st day after the Partial Loss Event Date and further Lease Payments shall cease to be due under the Lease Agreement on such 61st day after the Partial Loss Event Date in accordance with the Ijara Agreement and the Lessor will be entitled to all proceeds of the insurances payable as a result of the Partial Loss Event. The termination of the Lease on the 61st day after the Partial Loss Event Date as a result of either of the circumstances described in (a) or (b) above shall constitute a Dissolution Event for the purposes of Condition 12.

Dissolution following a Total Loss Event

If a Total Loss Event occurs and unless the Lease Assets are replaced in accordance with the Servicing Agency Agreement by no later than the 60th day after the occurrence of a Total Loss Event, the Trustee shall redeem the Certificates in whole but not in part on the 61st day after the occurrence of such Total Loss Event (being the Total Loss Dissolution Date).

A **Total Loss Event** is the total loss or destruction of, or damage to the whole of, the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

The terms of such dissolution are further described in Condition 8.5.

Form of Certificates

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

Clearance and Settlement

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

Denomination of the Certificates	The Certificates will be issued in registered form in face amounts of U.S.$200,000 and integral multiples of U.S.$l,000 in excess thereof.
Status of the Certificates	Each Certificate will represent an undivided ownership interest in the Trust Assets, will be a limited recourse obligation of the Trustee and will rank *pari passu* without any preference or priority with all other Certificates, see Condition 4.
Trust Assets	The **Trust Assets** comprise: (a) the cash proceeds of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Trust Assets; (c) all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by the Guarantor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 8.1 of the Declaration of Trust); and (d) all moneys standing to the credit of the Transaction Account from time to time; and (e) all proceeds of the foregoing. The Trustee shall hold the Trust Assets upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the Conditions.
Dissolution Events	Subject to Condition 12, if a Dissolution Event occurs and is continuing, and upon being requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution in accordance with Condition 12.1, the Trustee and/or the Delegate shall take the actions referred to in Condition 12.
Withholding Tax	Subject to Condition 9.2 and Condition 10, all payments in respect of the Certificates by or on behalf of the Trustee shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event (and subject as aforesaid), the Trustee will pay such additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable by them had no such withholding or deduction been required. The Transaction Documents provide that payments thereunder by the Guarantor and/or the Servicing Agent (as applicable) shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. Where any such withholding or deduction is required by law, the relevant Transaction

Documents provide for the payment by the Guarantor and/or the Servicing Agent (as applicable) of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

Trustee Covenants	The Trustee has agreed to certain restrictive covenants as set out in Condition 6.1.
Guarantor Negative Pledge and Other Covenants	The Guarantor has agreed to certain covenants as set out in Condition 6.2.
Cancellation of Certificates purchased by the Guarantor and/or any Subsidiary of the Guarantor	Pursuant to Condition 8.11, the Guarantor or any Subsidiary of the Guarantor may at any time purchase Certificates in the open market or otherwise. Certificates purchased by or on behalf of the Guarantor or any of the Guarantor's Subsidiaries may be delivered to the Registrar for cancellation.
Ratings	Upon issue, the Certificates are expected to be assigned a rating of "BB-" by S&P. A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Certificateholder Meetings	A summary of the provisions for convening meetings of the Certificateholders to consider matters relating to their interests as such is set out in Condition 14.
Tax Considerations	See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.
Listing and Admission to Trading	Application has been made to Euronext Dublin for the Certificates to be admitted to listing on its Official List and for such Certificates to be admitted to trading on the GEM.
Transaction Documents	The Declaration of Trust, the Agency Agreement, the Sale and Purchase Agreements, the Guarantee, the Ijara Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the Murabaha Agreement.
Governing Law and Dispute Resolution	The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law. The Declaration of Trust, the Agency Agreement, the Guarantee, the Service Agency Agreement and the Murabaha Agreement and any non-contractual obligations arising out of or in connection with each of them will be governed by, and construed in accordance with, English law. In respect of any dispute under any such agreement or deed to which it is a party, the Guarantor has agreed to arbitration in London under the LCIA Rules. The Guarantor has also agreed to submit to the exclusive jurisdiction of the courts of England or the DIFC courts, at the option of the Delegate or any Agent (as applicable), in respect of any dispute under the Declaration of Trust, the Agency Agreement, the Guarantee and the Murabaha Agreement (subject to the right of the Delegate or any Agent (as applicable) to require any dispute to be resolved by any other court of competent jurisdiction). The Sale and Purchase Agreements, the Ijara Agreement, the Purchase Undertaking and the Sale and Substitution Undertaking will be governed by the laws of the Emirate of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE, and will be subject to the exclusive jurisdiction of the Dubai courts.
Limited Recourse	The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as otherwise provided in Condition 4.2(b), the Certificates do not represent an interest in or obligation of any of the

	Trustee, the Delegate, the Guarantor, the Servicing Agent, any of the Agents or any of their respective affiliates. Subject to Condition 12, if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or administrator in each of their respective capacities as such) (other than the Trust Assets) or of the Delegate or the Agents or any of their respective affiliates, in each case in respect of any shortfall or otherwise.
Selling Restrictions	There are restrictions on the distribution of this Offering Circular and the offer or sale of Certificates in the United States, the United Kingdom, the United Arab Emirates (excluding the DIFC), the DIFC, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (including the Qatar Financial Centre), Hong Kong, Singapore and Malaysia. See "*Subscription and Sale*" for further details.
Use of Proceeds	The proceeds of the issue of the Certificates will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents in the following proportion: (a) not less than 55 per cent. of the aggregate face amount of the Certificates towards the purchase from Front Line Investment Management L.L.C and Royal Crown Properties LLC of all of their respective rights, title, interests, benefits and entitlements in, to and under the Assets pursuant to the Sale and Purchase Agreements; and (b) the remaining (being not more than 45 per cent. of the aggregate face amount of the Certificates) towards the purchase of commodities to be subsequently sold to the Guarantor pursuant to the Murabaha Agreement.The Guarantor will use the net proceeds of the issue of the Certificates for general corporate purposes (which may include the acquisition of an additional land bank) and for refinancing of the Group's outstanding indebtedness. See - "*Use of Proceeds*".

TERMS AND CONDITIONS OF THE CERTIFICATES

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

Alpha Star Holding VII Limited (in its capacity as issuer and in its capacity as trustee, as applicable, the **Trustee**) has issued trust certificates (the **Certificates**) in an aggregate face amount of U.S.$400,000,000.

The Certificates are constituted by a declaration of trust dated 27 April 2023 (the **Issue Date**) between the Trustee, Damac Real Estate Development Limited (the **Guarantor**), Front Line Investment Management L.L.C (**Front Line**) and BNY Mellon Corporate Trustee Services Limited as the Trustee's delegate (the **Delegate**, which expression shall include all persons for the time being the delegate or delegates under the Declaration of Trust) (as amended, restated and/or supplemented from time to time and including any supplemental declaration of trust executed in certain circumstances described in the Declaration of Trust, the **Declaration of Trust**).

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

These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, which includes the form of Certificates referred to below, the Agency Agreement and the remaining Transaction Documents (as defined below). The Certificateholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection and collection during usual business hours at the principal office of the Delegate and of the Principal Paying Agent.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders, to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions and to apply the sums paid by it in respect of its Certificates in accordance with the terms of the Transaction Documents.

1. INTERPRETATION

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

Administration Agreement means the administration agreement entered into between, *inter alios,* the Trustee and the Administrator on or before the Issue Date;

Administrator means Walkers Professional Services (Middle East) Limited as registered office provider of the Trustee;

Affiliate means, with respect to any specified Person: (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (ii) any other Person that owns, directly or indirectly through one or more Subsidiaries, 25 per cent., or more of any class of such specified Person's Capital Stock, and, for the purposes of this definition, **control**, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing;

Asset Sale means any sale, lease, sublease, sale and lease back, transfer or other disposition by any member of the Group of all or any of the legal or beneficial interest in any Capital Stock or any property or assets of any member of the Group (either in one transaction or in a series of related transactions at the same time or over a period of time) to any Person who is not a member of the Group; provided that none of the following items shall be deemed to be an Asset Sale for these purposes:

(a) the sale, lease, sale and lease back, transfer or other disposition of inventory, property, receivables, other current assets, Investment Properties and/or development properties by any member of the Group in the ordinary course of business (whether or not for cash consideration);

(b) a disposition of cash or a sale or other disposition of Cash Equivalents in the ordinary course of business;

(c) a sale or other disposition of obsolete or worn-out assets or assets that are no longer used or useful in the conduct of the Group's business;

(d) an issuance of Capital Stock by a wholly-owned Subsidiary of the Guarantor to the Guarantor or another wholly-owned Subsidiary of the Guarantor;

(e) the creation of a Security Interest and any disposition in connection with a Permitted Security Interest;

(f) a sale or other disposition of any asset made pursuant to any Non-recourse Project Financing;

(g) a sale or other disposition of any assets the book value of which does not exceed, in aggregate, U.S.$25,000,000 in any 12-month period as determined by reference to the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

(h) a sale or other disposition of any property received by the Guarantor or any of its Subsidiaries upon the foreclosure of a Security Interest granted in favour of the Guarantor or any of its Subsidiaries;

(i) the grant of licenses to intellectual property rights to third parties on an arm's length basis in the ordinary course of business;

(j) disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;

(k) a sale or other disposition of any Offshore Entity;

(l) a sale or other disposition pursuant to the Transaction Documents or similar arrangements entered into by the Guarantor or any of its Subsidiaries in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind; and

(m) transactions permitted under Condition 6.2(i);

Authorised Signatory means any person who: (a) is a director of the Guarantor; or (b) is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director or another duly authorised person of the Guarantor setting out the name and signature of such person and confirming such person's authority to act;

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

(a) the sum of the products of:

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

 (ii) the amount of each such principal payment; by

(b) the sum of all such principal payments;

Borrowings means, at any time, the aggregate outstanding principal, capital or nominal amount of any indebtedness including, in each case, any fixed or minimum premium payable on prepayment or redemption of such indebtedness, to the extent such fixed or minimum premium has become due and payable, for or in respect of Financial Indebtedness as determined by reference to the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

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

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

Call Date means, with respect to any Financial Indebtedness, the date specified in the relevant documentation as the date on which the entire aggregate amount of principal in respect thereof may become due and payable at the option of the issuer thereof (where such right is only available to the issuer upon a specified date or dates or upon the occurrence of any contingency which has occurred, but excluding circumstances where such right forms part of a general right of repayment or prepayment);

Cancellation Notice means a notice substantially in the form set out in Schedule 2 to the Sale and Substitution Undertaking;

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

Cash Equivalents means any of the items described in paragraphs (a) to (e) of the definition of "Permitted Investment";

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

Change of Control Dissolution Distribution Amount means, in relation to each Certificate to be redeemed pursuant to Condition 8.3(b), the sum of:

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

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

Change of Control Event shall occur if at any time the Sajwani Family together cease to own (legally and/or beneficially), directly or indirectly, more than 50 per cent. of the issued share capital of the Guarantor or otherwise cease to control, directly or indirectly, the Guarantor and **control** for these purposes shall be the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the Guarantor or to control or have the power to control the affairs and policies of the Guarantor (in each case whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise);

Change of Control Notice has the meaning given to it in Condition 8.3(a);

Change of Control Put Period has the meaning given to it in Condition 8.3(a);

Change of Control Put Right means the right exercisable by Certificateholders pursuant to Condition 8.3(b);

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

Clean Up Call Right Dissolution Date has the meaning given to it in Condition 8.6;

Consolidated Net Income means, for any period, the profit after tax of the Group for such period, as determined by reference to the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

Consolidated Net Interest Expense means, for any period, the aggregate amount of the accrued interest/profit, in respect of Financial Indebtedness (whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) less the aggregate amount of any finance income accrued to any member of the Group (calculated on a consolidated basis) in respect of that period, each as determined by reference to the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

Consolidated Total Gross Indebtedness means, as of any date of determination, the aggregate amount of all obligations of the Group for or in respect of Borrowings, as determined by reference to the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

Currency Agreement means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency value (in each case, for the avoidance of doubt, including both conventional or Shari'a-compliant agreements);

Customer Deposits means any amounts collected from potential or actual purchasers of real estate (or from a person acting on behalf of such purchasers) of any member of the Group in the ordinary course of its day to day real estate and development activities, provided that no member of the Group has entered into or is subject to any obligation to repurchase the corresponding real estate from the relevant potential or actual purchaser;

Day Count Fraction has the meaning given to it in Condition 7.2;

Delegation has the meaning given to it in Condition 15.1(a);

DIFC means the Dubai International Financial Centre;

Dispute has the meaning given to it in Condition 20.2;

Dissolution Date means, as the case may be,

(a) the Scheduled Dissolution Date;

(b) any Early Tax Dissolution Date;

(c) any Change of Control Put Right Date;

(d) any Tangibility Event Put Right Date;

(e) any Dissolution Event Redemption Date;

(f) the Clean Up Call Right Dissolution Date;

(g) the General Clean Up Call Right Dissolution Date; or

(h) the Optional Call Right Dissolution Date;

Dissolution Distribution Amount means the sum of:

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

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

Dissolution Event means a Guarantor Event or a Trustee Event;

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

Dissolution Notice has the meaning given to it in Condition 12.1(a)(ii);

Early Tax Dissolution Date has the meaning given to it in Condition 8.2;

EBITDA means, in respect of any period, (i) the sum of gross profit, other income and other operating income of the Group for such period minus (ii) general, administrative and selling expenses of the Group for such period, each as determined by reference to the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

EBITDA to Consolidated Net Interest Expense Ratio as of any date of determination (the **Determination Date**), means the ratio of (i) EBITDA to (ii) Consolidated Net Interest Expense for the period of the four most recent consecutive Measurement Periods (the **LTM Period**), provided, however that:

(a) if the Guarantor or any of its Subsidiaries (i) has Incurred any Financial Indebtedness since the beginning of the LTM Period that remains outstanding on the Determination Date or (ii) the transaction giving rise to the need to calculate the EBITDA to Consolidated Net Interest Expense Ratio is an Incurrence of Financial Indebtedness, or both, the EBITDA and Consolidated Net Interest Expense for such LTM Period will be calculated after giving effect on a *pro forma* basis to such Financial Indebtedness as if such Financial Indebtedness had been Incurred on the first day of the LTM Period and the discharge of any other Financial Indebtedness repaid, repurchased, redeemed, retired, defeased or otherwise discharged with the proceeds of such new Financial Indebtedness as if such discharge had occurred on the first day of such LTM Period; or

(b) if the Guarantor or any of its Subsidiaries (i) has repaid, repurchased, defeased or otherwise discharged any Financial Indebtedness since the beginning of the LTM Period that is no longer outstanding on the Determination Date or (ii) the transaction giving rise to the need to calculate the EBITDA to Consolidated Net Interest Expense Ratio includes a discharge of Financial Indebtedness (in each case other than Financial Indebtedness Incurred under any revolving credit facility unless such Financial Indebtedness has been permanently repaid and has not been replaced), the Consolidated Net Interest Expense for such LTM Period will be calculated after giving effect on a *pro forma* basis to such discharge of such Financial Indebtedness, including with the proceeds of any new Financial Indebtedness, as if such discharge had occurred on the first day of such LTM Period;

(c) if the Guarantor or any of its Subsidiaries has made an Asset Sale since the beginning of the LTM Period or the transaction giving rise to the need to calculate the EBITDA to Consolidated Net Interest Expense Ratio includes such a transaction:

(i) the EBITDA for such LTM Period will be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Sale for such LTM Period or increased by the amount equal to the EBITDA (if negative) directly attributable thereto for such LTM Period; and

(ii) the Consolidated Net Interest Expense for such LTM Period will be reduced by an amount equal to the Consolidated Net Interest Expense directly attributable to any Financial Indebtedness of the Guarantor or any Subsidiary of the Guarantor repaid, repurchased, redeemed, retired, defeased or otherwise discharged (to the extent the related commitment is permanently reduced) with respect to the Guarantor and its continuing Subsidiaries in connection with such transaction for such LTM Period (or, if the Capital Stock of any Subsidiary is sold, the Consolidated Net Interest Expense for such LTM Period directly attributable to the Financial Indebtedness of such Subsidiary to the extent the Guarantor and its continuing Subsidiaries are no longer liable for such Financial Indebtedness after such Sale);

(d) if since the beginning of the LTM Period the Guarantor or any Subsidiary of the Guarantor has made an Investment in any Person (or any Person that becomes a Subsidiary of the Guarantor or is merged with or into the Guarantor or another Subsidiary of the Guarantor) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of a company, division, operating unit, segment, business, group or related assets or line of business, EBITDA and Consolidated Net Interest Expense for such LTM Period will be calculated after giving *pro forma* effect thereto (including the Incurrence of any Financial Indebtedness) as if such Investment or acquisition occurred on the first day of such LTM Period;

(e) the Consolidated Net Interest Expense attributable to any premiums, fees or commissions (other than any payment of accrued interest or earned profit) paid in connection with the repurchase, redemption, defeasance or other discharge and/or Refinancing of any Financial Indebtedness with the proceeds of Financial Indebtedness being Incurred that has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being repurchased, redeemed, defeased or otherwise discharged and/or Refinanced will be excluded; and

(f) in any circumstances not described in (a) to (e) above, no *pro forma* calculations shall be prepared, notwithstanding that the relevant ratio shall have to be complied with.

For the purposes of this definition, *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Guarantor and in accordance with IFRS (where applicable);

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

Fair Market Value mean with respect to any Capital Stock, asset or property, the sale value or aggregate rent amount (as the case may be) that would be paid in an arm's-length transaction between an independent, informed and willing seller or lessor (as the case may be) under no compulsion to sell and an independent, informed and willing buyer or lessee (as the case may be) under no compulsion to buy or lease (as the case may be);

Financial Indebtedness means any indebtedness for or in respect of:

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

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

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

(d) the amount of any Lease Obligations;

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

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

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

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

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

(j) any Hedging Obligations, provided, however, that the amount of any such Hedging Obligations for the purposes of this paragraph (j) shall be equal at any time to the net payments under such agreement or arrangement giving rise to such Hedging Obligation that would be payable at the termination of such agreement or arrangement;

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

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

in each case without duplication and provided that the items referred to in paragraphs (a) to (l) above (other than Hedging Obligations, any liability in respect of letters of credit or guarantees which shall each be treated as Financial Indebtedness regardless of their accounting classification) shall be included in this definition of **Financial Indebtedness** only if, and to the extent that, they would appear as a liability on the balance sheet, prepared in accordance with IFRS, of the Guarantor or any of its Subsidiaries.

The term **Financial Indebtedness** shall not include: (i) any indebtedness owed by one member of the Group to another member of the Group; (ii) any indebtedness in respect of Customer Deposits; (iii) trade account payables arising solely in the ordinary course of business (other than promissory notes and similar obligations incurred for the purpose of finance); (iv) post-closing payment adjustments (in connection with the purchase by the Guarantor or any Subsidiary of the Guarantor of any business) to which the seller of such business may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing (provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter); (v) non-interest bearing or non-profit bearing instalment obligations and accrued liabilities incurred in the ordinary course of business that are not more than 90 days past due or that are being contested in good faith by appropriate proceedings instituted within a reasonable period of time and diligently pursed, provided that any reserve or appropriate provision as is required in conformity with IFRS has been made therefor; (vi) any obligations in respect of debt securities issued by, with a guarantee from, or otherwise with recourse to the Guarantor, which debt securities are repurchased by the Guarantor or any Subsidiary of the Guarantor; and (vii) any indebtedness in respect of obligations described in paragraph (f) above, to the extent such indebtedness is fully cash-collateralised;

Fitch means Fitch Ratings Ltd;

FY 2025 Liquidity Coverage Ratio means the ratio of the Guarantor's (i) cash on hand, bank balances and fixed deposits as at 31 December 2025 (each as determined by reference to the Guarantor's consolidated unaudited management accounts as at 31 December 2025 or other internal records or financial information of the Guarantor as at 31 December 2025 prepared in accordance with its internal accounting, operations, controls and records systems) to (ii) the aggregate face amount of Certificates then outstanding;

GEM means the Global Exchange Market of the Stock Exchange;

General Clean Up Call Right Dissolution Date has the meaning given to it in Condition 8.7;

Group means the Guarantor and its Subsidiaries;

Guarantee means the guarantee dated the Issue Date made by the Guarantor in favour of the Trustee and the Delegate;

Guarantor Event shall mean each of the following events:

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

(b) *Breach of specified covenants:* the Guarantor does not perform or comply with any one or more of its covenants or other obligations under Condition 6.2 (other than Condition 6.2(g), (j) or (k)); or

(c) *Breach of other obligations*: the Guarantor (acting in any capacity) does not perform or comply with any one or more of its other covenants or other obligations in Condition 6.2(g), (j) or (k) or the Transaction Documents to which it is a party (other than with respect to its guarantee of the due and punctual performance by Front Line of Front Line's obligations under clause 5.1 (other than clause 5.1(d)), clause 5.4 and clause 10 of the Service Agency Agreement (save, in respect of the latter, for the delivery of the Tangibility Event Lessor Notice)), which failure: (i) is, in the opinion of the Delegate, incapable of remedy; or (ii) (if, in the opinion of the Delegate, such failure is capable of remedy) is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given to the Guarantor by the Trustee (or the Delegate) requiring the same to be remedied; or

(d) *Cross-acceleration:* (i) the holders of any Indebtedness of the Guarantor or any Subsidiary of the Guarantor accelerate such Indebtedness or declare such Indebtedness to be due and payable or required to be prepaid (in each case, other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Indebtedness), prior to the stated maturity thereof; or (ii) the Guarantor or any Subsidiary of the Guarantor fails to pay in full any principal of, or interest or profit, as the case may be, on, any of its Indebtedness when due (after expiration of any originally applicable grace period) or any guarantee of any Indebtedness of others given by the Guarantor or any Subsidiary of the Guarantor is not honoured when due and called upon; provided that the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (d) has occurred equals or exceeds U.S.$50,000,000 (or its U.S. Dollar Equivalent) and in each case such Indebtedness has not arisen in connection with or does not constitute Non-recourse Project Financing; or

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

(f) *Cessation of business:* the Guarantor, the Servicing Agent or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, in each case save in connection with a Permitted Reorganisation or except as a result of any disposal allowed under the Transaction Documents; or

(g) *Order to pay specified amount:* one or more judgments or orders for the payment of any sum in excess of U.S.$50,000,000 (or its U.S. Dollar Equivalent), whether individually or in aggregate, is (or are) rendered against the Guarantor, the Servicing Agent and/or any Subsidiary of the

Guarantor and continue(s) unsatisfied, unstayed and (in the case of a judgment or order issued by a court of first instance or a tribunal in the relevant jurisdiction) unappealed for a period of 30 days after the date thereof or (in the case of a judgment or order issued by a court of appeal in the relevant jurisdiction (including the Court of Appeal in Dubai)) unappealed for a period of 60 days after the date thereof (or if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days); or

(h) *Liquidation or enforcement proceedings:* (i) the Guarantor, the Servicing Agent or any Material Subsidiary takes any corporate action or any steps are taken or any court or other proceedings are initiated against the Guarantor, the Servicing Agent or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of a liquidator, administrative or other receiver, manager, administrator or other similar official, (and such proceedings are not being actively contested in good faith by the Guarantor, the Servicing Agent or the relevant Material Subsidiary, as the case may be) or a liquidator, administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Guarantor, the Servicing Agent or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of the Guarantor, the Servicing Agent or any Material Subsidiary (save, in all cases, in connection with a Permitted Reorganisation); or (ii) an encumbrancer takes possession of all or substantially all of the undertaking or assets of the Guarantor, the Servicing Agent or any Material Subsidiary, or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Guarantor, the Servicing Agent or any Material Subsidiary, where such distress, attachment, execution or other legal process relates to or is a result of a judgment or order for the payment of any sum in excess of U.S.$50,000,000 (or its U.S. Dollar Equivalent); and (iii) any such event as is mentioned in (i) or (ii) above (other than the appointment of an administrator) is not discharged within 30 days; or

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

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

(k) *Further assurance*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Guarantor or the Servicing Agent (as applicable) lawfully to enter into, exercise its respective rights and perform and comply with its respective obligations under the Transaction Documents to which it is party; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Transaction Documents to which it is party admissible in evidence in the courts of England, the DIFC or the United Arab Emirates is not taken, fulfilled or done; or

(l) *Repudiation*: the Guarantor or the Servicing Agent formally repudiates or challenges in writing, or does or causes to be done any act or thing evidencing a formal repudiation or challenge of, these Conditions or any (or any part of any) Transaction Document to which it is a party; or

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

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

(o) *Partial Loss*: the occurrence of a Partial Loss Dissolution Event.

Hedging Obligations of any person, means the obligations of such person pursuant to any Interest/Profit Rate Agreement or Currency Agreement in the ordinary course of business and not for speculative purposes**;**

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

Ijara Agreement means the ijara agreement to be entered into between the Trustee, Front Line, and the Delegate on or around the date hereof in connection with the Certificates;

Incur or, as appropriate, an **Incurrence** has the meaning given to it in Condition 6.2(b);

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

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

Interest/Profit Rate Agreement means any interest/profit rate swap agreement, interest/profit rate cap agreement or other financial agreement with respect to exposure to interest/profit rates;

Investment in any Person means any direct or indirect advance, loan or other extension of credit (including by way of guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Financial Indebtedness or other similar instruments issued by, such Person;

Investment Grade Rating means a rating equal to or higher than: (i) Baa3 (or the equivalent) by Moody's; (ii) BBB- (or the equivalent) by Standard & Poor's; and (iii) BBB- (or the equivalent) by Fitch;

Investment Grade Status means that the Certificates have an Investment Grade Rating from at least two of the Rating Agencies;

Investment Property means any property or asset identified as an "investment property" (or similar property) in the most recently available audited or auditor reviewed consolidated financial statements of the Guarantor or the most recently available (if applicable, audited or auditor reviewed) financial statements of its relevant Subsidiary (as the case may be) and classified as such for financial reporting purposes in accordance with IFRS from time to time, and **Investment Properties** shall be construed accordingly;

Lease Assets has the meaning given to it in the Ijara Agreement;

Lease Obligation means at the time any determination thereof is to be made, the amount of the liability under any lease or hire purchase contract that would at that time be required to be treated as a balance sheet liability in accordance with IFRS; provided, however, that any liability in respect of a lease or hire purchase contract, which would have been considered an operating lease under IFRS prior to the mandatory application of IFRS 16, will not be treated as a Lease Obligation for the purposes of the definition of Financial Indebtedness;

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

Material Subsidiary means any Subsidiary of the Guarantor:

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

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

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

provided that none of the Offshore Entities shall be deemed to be a Material Subsidiary.

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

Measurement Period means a period of three months ending on 31 March, 30 June, 30 September or 31 December for which consolidated financial statements of the Guarantor (or the other relevant Person in respect of which the particular calculation is to be made, as the case may be) prepared in accordance with the IFRS are available;

Moody's means Moody's Investors Service Limited;

Murabaha Agreement means the murabaha agreement to be entered into between the Trustee, the Guarantor and the Delegate and the commodity arranger named therein on or around the date hereof in connection with the Certificates;

Net Cash Proceeds means, with respect to any issuance or sale of any Capital Stock, the cash proceeds of such issuance or sale net of legal fees, underwriters' or placement agents' selling fees, discounts or management commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof;

Net Indebtedness means (i) the aggregate amount of all Financial Indebtedness of the Group less (ii) cash on hand (excluding any cash held in escrow), bank balances and fixed deposits, in the case of each (i) and (ii), as shown in the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

Net Indebtedness to Total Equity Ratio as of any Determination Date, means the ratio of (i) Net Indebtedness to (ii) Total Equity, in each case as at the end of the Measurement Period immediately preceding the Determination Date; provided, however, that:

(a) if (i) the Guarantor or any of its Subsidiaries has Incurred any Financial Indebtedness since the end of the Measurement Period (the **Balance Sheet Date**) which remains outstanding on the Determination Date or (ii) the transaction giving rise to the need to calculate the Net Indebtedness to Total Equity Ratio is an Incurrence of Financial Indebtedness, or both, the Net Indebtedness to Total Equity Ratio shall be calculated by adjusting the Net Indebtedness for such period to give effect to the Incurrence of any Financial Indebtedness mentioned in (i) or (ii) above, or both, as if such Indebtedness had been Incurred on the Balance Sheet Date;

(b) if (i) the Guarantor or any of its Subsidiaries has repaid, repurchased, defeased or otherwise discharged any Financial Indebtedness since the Balance Sheet Date or (ii) if any Financial Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Net Indebtedness to Total Equity Ratio, or both, the Net Indebtedness to Total Equity Ratio shall be calculated by adjusting the Net Indebtedness for such period to give effect to such repayment, repurchase, defeasement or discharge mentioned in (i) or (ii) above, as if such repayment, repurchase, defeasement or discharge had occurred on the Balance Sheet Date.

For the purposes of this definition, *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Guarantor and in accordance with IFRS (where applicable);

Non-recourse Project Financing means any financing of all or part of the costs of the acquisition, construction or development of any project, where: (a) any Security Interest given by the Guarantor or the relevant Material Subsidiary or Subsidiary of the Guarantor (as the case may be) is limited solely to assets of the project; (b) the Person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of payment for the financings obtained; and (c) there is no other recourse to the Guarantor or the relevant Material Subsidiary or Subsidiary of the Guarantor (as the case may be) in respect of any default by any person under the financing, provided that:

(a) equity contribution agreements, subordinated debt and similar shareholder funding arrangements (and related guarantees) with respect to the Project Company entered into by any member of the Group;

(b) arm's length commercial agreements between the Project Company and any member of the Group, or performance guarantees given by any member of the Group with respect to commercial agreements relating to the project;

(c) any share purchase or share pledge agreement entered into by any member of the Group with respect to the shares in the Project Company; or

(d) any other assurance, undertaking or support provided by any member of the Group in relation to the project that is not by way of guarantee, indemnity or other assurance against financial loss,

including, in each case, any assignment by the Project Company of its rights thereunder to the persons providing such financing, shall not result in such financing being considered recourse to any member of the Group other than the Project Company;

Officers Certificate means a certificate substantially in the form scheduled to the Declaration of Trust, duly signed by at least one of the chief executive officer, the group chief finance officer and the managing director of the Guarantor;

Offshore Entity means each of Priority Holding Limited, Maksab Holding Limited and Majara Investment Limited;

Optional Call Right Dissolution Date means any date on or after 27 February 2026 up to and excluding the Scheduled Dissolution Date;

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

Partial Loss Dissolution Event means the termination of the Lease on the 61st day after the Partial Loss Event Date as a result of either: (a) the delivery by Front Line of a Partial Loss Termination Notice to the Trustee within 30 days after the Partial Loss Event Date in accordance with the terms of the Ijara Agreement; or (b) the failure by Front Line to replace the Lease Assets within 60 days after the Partial Loss Event Date in accordance with the terms of the Service Agency Agreement;

Partial Loss Event means the partial impairment of one or more Lease Assets in a manner that substantially deprives the Lessee from the benefits expected from the whole of the Lease Assets, as determined by the Lessee and the occurrence of which: (a) has been certified in writing by a recognised independent industry expert; (b) has not arisen as a result of the Lessee's negligence or misconduct; and (c) does not constitute a Total Loss Event;

Partial Loss Event Date has the meaning given to it in the Ijara Agreement;

Partial Loss Termination Notice has the meaning given to it in the Ijara Agreement;

Periodic Distribution Amount has the meaning given to it in Condition 7.1;

Periodic Distribution Date means 27 April and 27 October in each year, commencing on 27 October 2023;

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

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

(b) Financial Indebtedness represented by the Certificates (for the avoidance of doubt, no additional Certificates may be issued in reliance on this paragraph (b));

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

(d) Refinancing Financial Indebtedness Incurred by the Guarantor or a Subsidiary of the Guarantor in respect of Financial Indebtedness incurred pursuant to Condition 6.2(b) or pursuant to paragraphs (a), (b), (c), (h) or (l) of this definition;

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

(f) any Non-recourse Project Financing of the Guarantor or a Subsidiary of the Guarantor (provided that the Financial Indebtedness in respect of which, when taken together with all other Financial Indebtedness of the Group in respect of Non-recourse Project Financing on the date of the relevant Incurrence referred to in Condition 6.2(b), does not exceed an amount equal to 20 per cent. of the Total Assets);

(g) any Financial Indebtedness arising for or in respect of performance bonds, bank guarantees, bid bonds and/or letters of credit, where such Financial Indebtedness is incurred by the Guarantor or any Subsidiary of the Guarantor in the ordinary course of business (and provided that such Financial Indebtedness shall not be Permitted Financial Indebtedness if such performance bonds, bank guarantees, bid bonds and/or letters of credit are drawn or called upon and such drawing or calling is not reimbursed or otherwise satisfied within 10 Business Days thereafter);

(h) any Financial Indebtedness represented by fully cash collateralised amounts outstanding under working capital facilities which are incurred by the Guarantor or any Subsidiary of the Guarantor in the ordinary course of business;

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

(j) Financial Indebtedness arising from agreements of the Guarantor or a Subsidiary of the Guarantor providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Guarantor or any Subsidiary of the Guarantor; provided that (A) the maximum aggregate liability in respect of all such Financial Indebtedness shall at no time exceed the gross proceeds (including the Fair Market Value of non-cash consideration) actually received by (or held in escrow as a collateral for such Financial Indebtedness for later release to) the Guarantor and its Subsidiaries in connection with such disposition (without giving effect to any subsequent changes in value) and (B) such Financial Indebtedness is not, on the date of its Incurrence, reflected on the balance sheet of the Guarantor or any Subsidiary of the Guarantor (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet shall not be deemed to be reflected on such balance sheet for the purposes of this paragraph (j));

(k) any Financial Indebtedness in respect of Hedging Obligations;

(l) any Financial Indebtedness incurred or arising for, or in respect of, the acquisition, development, maintenance, operation and/or leasing of Investment Properties (provided that such Financial Indebtedness does not exceed an amount equal to 67 per cent. of the market value of such Investment Properties as reported in either (i) the most recently available audited or auditor reviewed consolidated financial statements of the Guarantor or the most recently available audited or auditor reviewed financial statements of the relevant Subsidiary (as the case may be) prepared in accordance with IFRS, or (ii) (at the discretion of the Guarantor) in the most recently available property valuations prepared by an Independent Appraiser procured by the Guarantor or the relevant Subsidiary (as the case may be));

(m) the guarantee by the Guarantor or any of its Subsidiaries of Financial Indebtedness of the Guarantor or any of its Subsidiaries that was permitted to be incurred by another paragraph of this definition or Condition 6.2(b);

(n) Financial Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Financial Indebtedness is extinguished with five business days of incurrence;

(o) Financial Indebtedness in respect of workers' compensation claims or claims arising under similar legislation, or pursuant to self-insurance obligations and not in connection with the borrowing of money or the obtaining of advances or credit; and

(p) in addition to the items referred to in paragraphs (a) through (o) above, Financial Indebtedness of the Guarantor or any Subsidiary of the Guarantor in an aggregate principal amount at any time outstanding, including all Refinancing Financial Indebtedness Incurred to refund, refinance, replace, defease or discharge any Financial Indebtedness incurred pursuant to this paragraph (p), not to exceed the greater of (i) U.S.$100,000,000 or (ii) 1.5 per cent. of Total Assets.

Permitted Investment means any one or more of the following:

(a) securities issued or directly and fully guaranteed or insured by the United Arab Emirates, the United Kingdom, the United States, Canada, Switzerland or any member of the European Union; or

(b) demand or time deposits, certificates of deposit (including for the avoidance of doubt any monies on deposit in any bank account) and other short-term unsecured debt obligations provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is licensed and regulated by the central banking regulatory and/or supervisory authority of the jurisdiction in which it is incorporated; or

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraph (a) above entered into with a bank or institution meeting the qualifications described in paragraph (b) above; or

(d) short-term unsecured debt obligations (including commercial paper) issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is at least equal to an Investment Grade Rating as affirmed by any Rating Agency; or

(e) investments in money market funds that invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above; or

(f) any Investment in another Person if, as a result of such Investment, such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Guarantor or a Subsidiary of the Guarantor; provided, however, that such Person's primary business is a Related Business; or

(g) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business; or

(h) loans or advances to employees made in the ordinary course of business consistent with past practices of the Guarantor or the relevant Subsidiary of the Guarantor; or

(i) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Guarantor or the relevant Subsidiary of the Guarantor or in satisfaction of judgments; or

(j) any Investment in a Person solely for the purposes of facilitating the conduct by the Guarantor or the relevant Subsidiary of the Guarantor of the Related Business in the ordinary course of business, including the acquisition of land, and whether through a joint venture arrangement or otherwise; or

(k) any Investment in a Person to the extent such Investment exists on the Signing Date, and any extension, modification or renewal of any such Investments existing on the Signing Date, but only to the extent not involving additional advances, contributions or other Investments of cash or other assets or other increases thereof (other than as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investment as in effect on the Signing Date); or

(l) any Investment (other than any Permitted Investment otherwise permitted under any other paragraph of this definition) that, when aggregated with any other Investments made under this paragraph (l), does not exceed during any calendar year the greater of (i) U.S.$300,000,000 or (ii) 5 per cent. of Total Assets, in each case provided that any such Investments shall not exceed U.S.$150,000,000 per calendar quarter;

Permitted Reorganisation means:

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

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

Permitted Restriction means any one or more of the following:

(a) with respect to Condition 6.2(h):

(i) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Signing Date;

(ii) any encumbrance or restriction existing at the time that the relevant Person is merged into, or consolidated with, the Guarantor or the relevant Subsidiary of the Guarantor, as the case may be, provided that such encumbrance or restriction was not created in contemplation of such merger or consolidation;

(iii) any encumbrance or restriction pursuant to any Refinancing Financial Indebtedness Incurred pursuant to an agreement referred to in paragraph (i) above or an arrangement referred to in paragraph (ii) above or contained in any amendment to an agreement referred to in paragraph (i) above or an arrangement referred to in paragraph (ii) above; provided, however, that the encumbrances and restrictions with respect to the Guarantor or the relevant Subsidiary of the Guarantor contained in any such refinancing agreement or amendment are no less favourable to the Certificateholders than encumbrances and restrictions, taken as a whole, with respect to the Guarantor or such Subsidiary contained in such predecessor agreements;

(iv) any encumbrance or restriction with respect to a Subsidiary of the Guarantor imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Subsidiary pending the closing of such sale or disposition;

(v) any encumbrance or restriction contained in the terms of any Financial Indebtedness permitted to be Incurred pursuant to Condition 6.2 or any agreement pursuant to which such Financial Indebtedness was issued if (a) either (i) the encumbrance or restriction applies only in the event of and during the continuance of a payment default or a default with respect to a financial covenant contained in such Financial Indebtedness or agreement or (ii) the Guarantor determines at the time any such Financial Indebtedness is Incurred (and at the time of any modification of the terms of any such encumbrance or restriction) that any such encumbrance or restriction will not adversely affect the Guarantor's ability to fulfil its payment obligations under the Transaction Documents and any other Financial Indebtedness that is an obligation of the Guarantor; and (b) the encumbrance or restriction is not materially more disadvantageous to the holders of the Certificates than is customary in comparable financings or agreements (as determined by the Guarantor in good faith);

(vi) any encumbrance or restriction that is as a result of applicable law or regulation; and

(vii) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in paragraphs (i) through (vi) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the board of directors of the Guarantor, not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(b) with respect to Condition 6.2(h)(iii) only:

(i) any encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder; and

(ii) any encumbrance or restriction contained in security agreements or mortgages securing Indebtedness of a Subsidiary of the Guarantor to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements or mortgages;

Permitted Security Interest means any one or more of the following:

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

(b) any Security Interest granted by a Person where such Security Interest exists at the time that such Person is merged into, or consolidated with, the Guarantor or the relevant Material Subsidiary, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Guarantor or the relevant Material Subsidiary;

(c) any Security Interest arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;

(d) any Security Interest arising in respect of Financial Indebtedness which comprises Permitted Financial Indebtedness within paragraphs (h) and (i) of the definition thereof;

(e) (subject as provided in paragraph (j) below) any Security Interest granted to secure any Non-recourse Project Financing of the Guarantor or a Material Subsidiary;

(f) any Security Interest existing on any property or assets (including Capital Stock) prior to the acquisition thereof by the Guarantor or the relevant Material Subsidiary, provided that such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property (other than the proceeds of such acquired assets or property);

(g) any Security Interest granted upon or with regard to any property acquired after the Issue Date by the Guarantor or any of its Subsidiaries to secure the purchase price of such property or the cost of construction, improvement or repair of all or any part of such property or to secure Financial Indebtedness incurred solely for the purpose of financing the acquisition, construction, improvement or repair of such property and transactional expenses related thereto (other than a Security Interest created in contemplation thereof), provided that (i) no such Security Interest shall extend to any other property or assets of the Guarantor or any of its Subsidiaries, (ii) the aggregate principal amount of all Financial Indebtedness secured by the Security Interest under this paragraph on such property or assets does not exceed the cost of the assets or property so acquired, constructed, repaired or improved (including customs duties, transport, insurance, construction and installation costs and other incidental costs and expenses of purchase and any value added tax or similar taxes thereon) and (iii) such Security Interest is created within 180 days of construction, acquisition, improvement or repair of such assets or property;

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

(i) any Security Interest on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payment by a third party relating to such property or assets;

(j) any other Security Interest(s) not otherwise permitted under any other paragraph of this definition, provided that (i) the aggregate of all outstanding amounts secured by all such Security Interests and by any Security Interests permitted under this paragraph shall not at any time exceed an amount equal to 20 per cent. of the Total Assets and (ii) Security Interests in respect of Relevant Indebtedness and/or Relevant Sukuk Obligations shall not comprise Permitted Security Interests pursuant to this paragraph (j);

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

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

Proceedings has the meaning given to it in Condition 20.5(c);

Profit Rate means 7.750 per cent. per annum;

Project Company means any person in which any member of the Group holds a direct or indirect interest or which is a special purpose vehicle, where such person is established or used for the purposes of undertaking the acquisition, construction or development of any project and the primary method used to raise finance for such person is the Non-recourse Project Financing;

Purchase Undertaking means the purchase undertaking to be entered into by Front Line as obligor in favour of the Trustee on or around the date hereof in connection with the Certificates;

Q1 2026 Liquidity Coverage Ratio means the ratio of the Guarantor's (i) cash on hand, bank balances and fixed deposits as at 31 March 2026 (each as determined by reference to the Guarantor's consolidated unaudited management accounts as at 31 March 2026 or other internal records or financial information of the Guarantor as at 31 March 2026 prepared in accordance with its internal accounting, operations, controls and records systems) to (ii) the aggregate face amount of Certificates then outstanding;

Rating Agency means Fitch, Moody's or Standard & Poor's or any of their respective affiliates or successors to their rating business;

Record Date has the meaning given to it in Condition 9.1(b);

Related Business means any business in which the Guarantor and/or any of its Subsidiaries was engaged on the Signing Date and any businesses related, ancillary or complementary to such business (which shall include, for the avoidance of doubt, hospitality activities, data centres, warehousing, student housing and investment properties);

Relevant Period has the meaning given to it in Condition 7.2;

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

Refinancing Financial Indebtedness means Financial Indebtedness that Refinances any Financial Indebtedness of the Guarantor or any Subsidiary of the Guarantor, including Financial Indebtedness that Refinances Refinancing Financial Indebtedness; provided, however, that:

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

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

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

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

provided further, however, that Refinancing Financial Indebtedness shall not include Financial Indebtedness of a Subsidiary of the Guarantor that Refinances Financial Indebtedness of the Guarantor.

Refinancing Financial Indebtedness in respect of any credit facility or any other Financial Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such credit facility or other Financial Indebtedness; provided that it is used to Refinance amounts thereunder or other Indebtedness within six months of the relevant termination or repayment date;

Register has the meaning given to it in Condition 2;

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

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

Relevant Powers has the meaning given to it in Condition 15.1(a);

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

Return Accumulation Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the Periodic Distribution Date on 27 October 2023 and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

Sajwani Family means: (i) Mr. Hussain Ali Habib Sajwani and his spouse and their respective siblings and such siblings' spouses; (ii) the respective lineal descendants of the persons mentioned in (i) above; (iii) Mr. Hussain Ali Habib Sajwani's mother and mother-in-law; and (iv) any family trust set up by the persons named in (i) to (iii) above;

Sale and Purchase Agreements means the sale and purchase agreements including any supplemental purchase agreement (the **Supplemental Purchase Agreement**) executed in certain circumstances described in the Sale and Purchase Agreements (substantially in the form scheduled to the Sale and Purchase Agreements) to be entered into between (i) the Trustee and Front Line and (ii) the Trustee and Royal Crown Properties LLC, on, or around, the date hereof in connection with the Certificates;

Sale and Substitution Undertaking means the sale and substitution undertaking to be entered into by the Trustee in favour of Front Line dated on or around the date hereof in connection with the Certificates;

Scheduled Dissolution Date means 27 April 2026;

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;

Service Agency Agreement means the service agency agreement to be entered into between the Trustee and the Servicing Agent on or around the date hereof in connection with the Certificates;

Servicing Agent means Front Line Investment Management L.L.C;

Shari'a Adviser has the meaning given to it in the Service Agency Agreement**;**

Signing Date means 26 April 2023;

Standard & Poor's means S&P Global Ratings Europe Limited;

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

Stock Exchange means the Irish Stock Exchange plc trading as Euronext Dublin;

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;

Tangibility Event Dissolution Distribution Amount means, in relation to each Certificate to be redeemed pursuant to Condition 8.4, the sum of:

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

(b) any due and unpaid Periodic Distribution Amounts relating to such Certificates;

Tangible Asset Ratio has the meaning given to it in the Service Agency Agreement;

a **Tangibility Event** shall occur if, at any time, the Tangible Asset Ratio other than as a result of a Loss Event, falls to less than 33 per cent.;

Tangibility Event Put Period shall be the period of 30 days commencing on the date that is the 60th day after a Tangibility Event Notice is given;

Tangibility Event Put Right Date shall be a date falling not less than 75 days following the expiry of the Tangibility Event Put Period;

Tangibility Event Trustee Notice has the meaning given to it in the Service Agency Agreement;

Tax Event has the meaning given to it in Condition 8.2;

Total Assets means the total assets of the Group as shown in the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

Total Equity means the total equity of the Group as shown in the most recently available consolidated financial statements of the Guarantor prepared in accordance with IFRS;

Total Loss Dissolution Amount means, in relation to each Certificate to be redeemed pursuant to Condition 8.5 on the Total Loss Dissolution Date, the sum of:

(a) the outstanding face amount of such Certificate;

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

(c) any other amounts payable following a Total Loss Event pursuant to the Service Agency Agreement;

Total Loss Dissolution Date has the meaning given to it in Condition 8.5;

Total Loss Event has the meaning given to it in Condition 8.5;

Trading Notice has the meaning given to it in Condition 8.5;

Transaction Account means the account in the Trustee's name held with the Principal Paying Agent, into which the Servicing Agent and the Guarantor (as the case may be) will deposit all amounts due to the Trustee under the Transaction Documents;

Transaction Documents means:

(a) the Declaration of Trust;

(b) the Agency Agreement;

(c) the Sale and Purchase Agreements;

(d) the Guarantee;

(e) the Ijara Agreement;

(f) the Purchase Undertaking;

(g) the Service Agency Agreement;

(h) the Murabaha Agreement; and

(i) the Sale and Substitution Undertaking;

Trust means the trust over the Trust Assets declared by the Trustee in the Declaration of Trust;

Trust Assets has the meaning given to it in Condition 5.1;

Trustee Certificate means a certificate substantially in the form scheduled to the Declaration of Trust, duly signed by one director of the Trustee;

Trustee Event means any of the following events:

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

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

(c) *Enforcement Proceedings*: any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 45 days; or

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

(e) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution; or

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

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

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

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

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

U.S. Dollar Equivalent means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 11am (New York time) on the date not more than two Business Days prior to the date of determination.

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

All references to **Periodic Distribution Amounts** shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

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

2. FORM, DENOMINATION AND TITLE

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

Certificates are represented by registered certificates and, save as provided in Condition 3.2, each Certificate shall represent the entire holding of Certificates by the same holder.

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

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

3. TRANSFERS

3.1 Transfer of Registered Certificates

Subject to Condition 3.4, one or more Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, the Guarantor and the Delegate. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.

3.2 Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 3.1 shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified. In this Condition 3.2, **business day** means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

3.3 Transfers Free of Charge

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

3.4 Closed Periods

No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on the due date for payment of the Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Tangibility Event Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due, (ii) after any such Certificate has been called for redemption pursuant to Condition 8.2 or the last paragraph of Condition 8.3 during the period of seven days ending on (and including) any Record Date.

4. STATUS

4.1 Status of Certificates

The Certificates represent an undivided ownership interest in the Trust Assets and are limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank *pari passu* and without any preference or priority with all other Certificates. The payment obligations of Damac Real Estate Development Limited (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2(a), at all times rank at least equally with all other unsecured and unsubordinated obligations of the Guarantor, present and future.

4.2 Limited Recourse and Agreement of Certificateholders

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 Servicing Agent, the Guarantor, any of the Agents or any of their respective affiliates.

The proceeds of the Trust Assets are the sole source of payments on the Certificates. The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Subject to Condition 12, 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 of their respective shareholders, directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee, the Delegate, any Agent or any of their respective Agents or

Affiliates to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

(b) the Trustee may only realise or deal with its interest, rights, benefit and entitlements, present and future in, to and under the Trust Assets and the Transaction Documents in the manner expressly permitted by 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 (and/or its directors, officers, shareholders or corporate services provider in each of their respective capacities as such) (other than the Trust Assets) or of the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise;

(d) no Certificateholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors), the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;

(e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Declaration of Trust by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director or corporate services provider of the Trustee and/or the Delegate in each of their respective capacities as such. The obligations of the Trustee and the Delegate under the Certificates and the Transaction Documents are corporate or limited liability obligations of the Trustee and/or the Delegate, as the case may be, and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Trustee and/or the Delegate (in each of their respective capacities as such); 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 Certificate. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 6.2(a)).

Pursuant to the terms of the Transaction Documents, each of the Servicing Agent and the Guarantor is obliged to make payments in certain circumstances under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Servicing Agent or the Guarantor (as applicable) to recover payments due to the Trustee from the Servicing Agent or the Guarantor (as applicable) pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.2. Any such right of the Trustee and the Delegate against the Servicing Agent or the Guarantor shall (subject to the negative pledge provisions described in Condition 6.2(a)) constitute an unsecured claim against the Guarantor. 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 Guarantor in connection with the enforcement of any such claim.

5. THE TRUST

5.1 Trust Assets

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

(a) the cash proceeds of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Trust Assets;

(c) all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by the Guarantor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 8.1 of the Declaration of Trust);

(d) all moneys standing to the credit of the Transaction Account from time to time; and

(e) all proceeds of the foregoing.

5.2 Application of Proceeds from Trust Assets

On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the 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 owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer and any agent appointed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;

(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 amounts properly incurred and documented owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Administrator in respect of all amounts owing to it under the Transaction Documents and the Administration Agreement in its capacity as administrator for the Trustee; and (iii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

(c) third, only if such payment is due on a Periodic Distribution Date, 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, towards payment *pari passu* and rateably of the Dissolution Distribution Amount (or the Change of Control Dissolution Distribution Amount or Tangibility Event Dissolution Distribution Amount, as the case may be); and

(e) fifth, only on the Scheduled Dissolution Date and provided that all amounts required to be paid on the Certificates hereunder have been discharged in full, in payment of any residual amount to the Servicing Agent.

6. COVENANTS

6.1 Trustee Covenants

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

(a) incur any indebtedness in respect of borrowed money or in respect of financing raised in accordance with the principles of Shari'a, or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;

(b) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

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

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

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

(f) have any subsidiaries or employees;

(g) redeem 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 Certificates and the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:

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

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

    (iii) such other matters which are incidental thereto.

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

(k) it will furnish to the Delegate a Trustee Certificate together with each copy of the Guarantor's financial statements referred to in Condition 6.2(g) and otherwise promptly upon request by the Delegate (and in any event within 10 Business Days of such request): (a) certifying compliance with the provisions of this Condition 6.1; and (b) stating whether since the date of the last Officers Certificate or (if none) the Issue Date, any Dissolution Event, Potential Dissolution Event, Change of Control Event, Tangibility Event or Total Loss Event has occurred and, if any such event shall have occurred, providing details in respect thereof and stating what action the Trustee is taking or proposes to ake with respect thereto.

6.2 Guarantor Covenants

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

(a) *Negative pledge*: it will not, and it will procure that no Material Subsidiary will, create, or have outstanding, any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues, to secure any Relevant Indebtedness or Relevant Sukuk Obligations, without at the same time or prior thereto (a) securing all amounts payable by it to the Trustee under the Transaction Documents to which it is a party (in whatever capacity) equally and rateably therewith or (b) providing such other security for the payment of such amounts as either: (A) the Delegate shall in its absolute discretion deem not materially less beneficial to the interests of the Certificateholders; or (B) shall be approved by an Extraordinary Resolution;

(b) *Limitation on indebtedness (Guarantor)*: it will not (and will procure that none of its Subsidiaries) create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to **Incur** or, as appropriate, an **Incurrence**) any Financial Indebtedness (other than Permitted Financial Indebtedness); provided that the Guarantor or any of its Subsidiaries, as the case may be, will be permitted to Incur additional Financial Indebtedness if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis:

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

(ii) the Net Indebtedness to Total Equity Ratio would not exceed 0.5:1; and

(iii) the EBITDA to Consolidated Net Interest Expense Ratio would not be less than 2:1, provided, however that, if the Consolidated Net Interest Expense for the relevant LTM Period is equal to or less than zero, this paragraph (iii) shall not apply.

For the purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Financial Indebtedness where the Financial Indebtedness Incurred is denominated in a different currency, the amount of such Financial Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Financial Indebtedness; provided, however, that if any such Financial Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Financial Indebtedness, the amount of such Financial Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Financial Indebtedness Incurred in the same currency as the Financial Indebtedness being Refinanced will be the U.S. Dollar Equivalent, as appropriate, of the Financial Indebtedness Refinanced, except to the extent that (i) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the principal amount of such Refinancing Financial Indebtedness will be determined in accordance with the preceding sentence, and (ii) if the principal amount of the Refinancing Financial Indebtedness exceeds the principal amount of the Financial Indebtedness being Refinanced, then the U.S. Dollar Equivalent of such excess, as appropriate, will be determined on the date such Refinancing Financial Indebtedness is Incurred. Notwithstanding any other provision of this Condition 6.2(b), the maximum amount that the Guarantor or its Subsidiaries may Incur pursuant to this Condition 6.2(b) shall not be deemed to be exceeded, with respect to outstanding Indebtedness, due solely as a result of fluctuations in the exchange rates of currencies. The amount of any Financial Indebtedness outstanding as of any date will be (without double counting) calculated in accordance with IFRS.

For the purposes of determining compliance with this Condition 6.2(b), if an item of Financial Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Financial Indebtedness described in the definition of "Permitted Financial Indebtedness", or is entitled to be Incurred pursuant to this Condition 6.2(b), the Guarantor, in its sole discretion, will be permitted to classify and from time to time, to reclassify such item of Financial Indebtedness (or any portion thereof) in any manner that complies with this Condition 6.2(b) and, where applicable, in accordance with IFRS;

(c) *Minimum Total Assets*: it will ensure that, at all times, the value of the Total Assets are the higher of (i) US$2.0 billion or (ii) 250 per cent. of Net Indebtedness;

(d) *Disposals*: it will not, and will ensure that none of its Subsidiaries will, directly or indirectly enter into an Asset Sale, unless the consideration received by the Guarantor or its Subsidiary (as the case may be) is at least equal to the Fair Market Value of the assets sold or disposed of.

In the case of each of (i), (ii) and (iii) below, the determination as to whether such Asset Sale complies with this Condition 6.2(d) shall be made by an Independent Appraiser at the time of such Asset Sale (which, for the avoidance of doubt, shall in the case of paragraph (iii) below also require a determination of the Fair Market Value of the non-cash consideration received):

(i) any Asset Sale other than to an Affiliate of the Guarantor in respect of an asset with a book value (as determined by reference to the most recently available consolidated financial statements of the Guarantor or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS) that exceeds 5 per cent. of the Total Assets at the time of any such proposed Asset Sale;

(ii) any Asset Sale to any Affiliate of the Guarantor (other than a Subsidiary of the Guarantor) in respect of any asset with a book value (as determined by reference to the most recently available consolidated financial statements of the Guarantor or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS) that, when aggregated with all other Asset Sales to any Affiliate of the Guarantor (other than a Subsidiary of the Guarantor) during the calendar year in which the date of the relevant Asset Sale occurs, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies) in aggregate; and

(iii) any Asset Sale where the consideration is other than in the form of cash and where the asset has a book value (as determined by reference to the most recently available consolidated financial statements of the Guarantor or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS) that, when aggregated with all other Asset Sales where the consideration is other than in the form of cash during the calendar year in which the date of the relevant Asset Sale occurs, exceeds U.S.$10,000,000 (or its equivalent in any other currency or currencies) in aggregate;

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

(i) declare or pay any dividend, in cash or otherwise, or make any other payment or distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital (other than dividends, payments or distributions payable to the Guarantor or any of its Subsidiaries and other than dividends or distributions payable in the form of shares of the Guarantor); or

(ii) voluntarily purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Guarantor or any of its Affiliates; or

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

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

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

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

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

(B) the Net Indebtedness to Total Equity Ratio would not exceed 0.5:1;

(C) the EBITDA to Consolidated Net Interest Expense Ratio would not be less than 2.0:1, provided, however that, if the Consolidated Net Interest Expense for the relevant LTM Period is equal to or less than zero, this paragraph (C) shall not apply; and

(D) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Issue Date (excluding the amount by which Restricted Payments made pursuant to paragraph (4) below exceed the amount of Restricted Payments permitted to be made under this paragraph (D)) is equal to or less than the sum of:

I. 75 per cent. of the Consolidated Net Income for the period (treated as one accounting period) from 1 January 2023 to the end of the most recent Measurement Period ending prior to the date of such Restricted Payment (or, in case such Consolidated Net Income is a deficit, minus 100 per cent. of such deficit); and

II. 100 per cent. of the aggregate Net Cash Proceeds received by the Guarantor from the issuance or sale of its Capital Stock subsequent to 1 January 2023; and

III. 100 per cent. of any cash capital contribution received by the Guarantor from its shareholders subsequent to 1 January 2023.

The preceding provisions will not prohibit any of the following (collectively, **Permitted Payments**):

(1) the payment of any dividend within 60 days after the date of declaration of the dividend and provided no Guarantor Event subsists at the time of payment, if at the date of declaration the dividend payment would have complied with the provisions of these Conditions; or

(2) the making of any Restricted Payment in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Guarantor) of, Capital Stock of the Guarantor or any of its Subsidiaries or from the substantially concurrent cash capital contribution to the Guarantor or any of its Subsidiaries; or

(3) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or contemplation of a merger, consolidation or transfer of assets; or

(4) the aggregate amount of the Restricted Payment and all other Restricted Payments not exceeding 90 per cent. of the Consolidated Net Income for the LTM Period immediately preceding the date of any such Restricted Payment, provided that (A) for and as at the end of such LTM Period, EBITDA is greater than Consolidated Total Gross Indebtedness and (B) immediately after giving effect to such Restricted Payment on a *pro forma* basis, the Guarantor could Incur U.S.$1.00 of additional Financial Indebtedness under Condition 6.2(b); or

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Financial Indebtedness of the Guarantor made by exchange for, or out of the proceeds of the substantially concurrent Incurrence of Subordinated Financial Indebtedness of the Guarantor or any of its Subsidiaries which is permitted to be incurred pursuant to Condition 6.2(b), provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded from the calculation of the amount of Restricted Payments under paragraphs (D) and (4) above of this Condition 6.2(e).

Paragraph (D) and the restrictions set out in paragraph (4) above of this Condition 6.2(e) shall not apply to any Restricted Payment if, at the time of and after giving effect to such Restricted Payment on a *pro forma* basis, the Net Indebtedness would be equal to or less than zero. The amounts of any Restricted Payments made when this paragraph applies shall be excluded from the calculation of the amount of Restricted Payments under paragraphs (D) and (4) above of this Condition 6.2(e);

(f) *Transactions with Affiliates*:

(i) it will not, and will ensure that none of its Subsidiaries will, directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an **Affiliate Transaction**) including, without limitation, intercompany loans, unless the terms of such Affiliate Transaction are no less favourable to such entity than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor) in a comparable arm's length transaction with a Person that is not an Affiliate of such entity;

(ii) Condition 6.2(f)(i) above does not apply to:

(A) any Affiliate Transaction between the Guarantor and its Subsidiaries and/or between the Guarantor's Subsidiaries; or

(B) any Affiliate Transaction which, when aggregated with all other Affiliate Transactions in the calendar year in which the date of the relevant Affiliate Transaction occurs, involves payments or value over time of less than U.S.$25,000,000 (or its equivalent in any other currency or currencies) in aggregate (provided that such exception shall be without prejudice to the requirements of Condition 6.2(d) in respect of Asset Sales which are also Affiliate Transactions); or

(C) compensation or employee benefit arrangements with any employee, officer or director of the Guarantor or any of its Subsidiaries arising as a result of their employment contract; or

(D) payment of reasonable fees to, reasonable reimbursements of expenses, and reasonable indemnity provided on behalf of officers, directors and members of the board of directors of the Guarantor or any Subsidiary and provided that any such payments, reimbursements or indemnities do not exceed, in aggregate, U.S.$20,000,000 in any 12-month period; or

(E) transactions with customers, suppliers, or other providers of goods or services in the ordinary course of business and on terms at least as favourable to the Guarantor or its Subsidiaries as might reasonably have been obtained at such time from an unaffiliated party; or

(F) any issuance of Capital Stock of the Guarantor or its Subsidiaries to Affiliates of the Guarantor; or

(G) loans and advances to employees, officers and directors arising as a result of their employment and provided that any such loans and advances do not exceed, in aggregate, U.S.$1,000,000 in any 12-month period; or

(H) transactions effected pursuant to or contemplated by agreements or arrangements between any person and an Affiliate of such person existing at the time such person is acquired by the Guarantor (provided that such agreements or arrangements were not entered into in contemplation of such acquisition); or

(I) Restricted Payments permitted to be made pursuant to Condition 6.2(e) or Permitted Investments; or

(J) a sale or other disposition of any Offshore Entity; or

(K) any other arrangement existing on the Signing Date;

(g) *Financial information*: it will (i) provide its latest quarterly consolidated financial statements prepared in accordance with IFRS to the Delegate within a period of 90 days from the end of each relevant period; and (ii) provide its audited annual consolidated financial statements prepared in accordance with IFRS to the Delegate within a period of 120 days from the end of each financial year and (iii) so long as the Certificates are listed on the official list of the Stock Exchange and admitted to trading on the GEM and the rules of the Stock Exchange so require, arrange for all such financial statements to be published in accordance with the listing rules of Euronext Dublin;

(h) *Limitation on Restrictions on Distributions from Subsidiaries*: it will not, and will ensure that none of its Subsidiaries will, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Guarantor to (i) pay dividends or make any other distributions on its Capital Stock to the Guarantor or a Subsidiary of the Guarantor or pay any Financial Indebtedness owed to the Guarantor or a Subsidiary of the Guarantor, (ii) make any loans or advances to the Guarantor or a Subsidiary of the Guarantor or (iii) transfer any of its property or assets to the Guarantor or a Subsidiary of the Guarantor, except for a Permitted Restriction;

(i) *Merger and Consolidation*: it will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless

(A) the resulting, surviving or transferee Person (the **Successor Company**) shall be a Person organised and existing under the laws of the DIFC, the United Arab Emirates, any state which is a member of the European Union, Canada, the United States, the United Kingdom any state thereof or the District of Columbia and the Successor Company (if not the Guarantor) shall expressly assume, by a guarantee supplemental thereto, executed and delivered to the Trustee and the Delegate, in form satisfactory to Trustee and the Delegate, all the obligations of the Guarantor under the Transaction Documents to which it is a party;

(B) immediately after giving *pro forma* effect to such transaction (and treating any Financial Indebtedness which becomes an obligation of the Successor Company or any Subsidiary of the Guarantor as a result of such transaction as having been Incurred by such Successor Company or such Subsidiary at the time of such transaction), no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a result;

(C) the Successor Company would, on the date of such transaction and after giving *pro forma* effect thereto as if the same had occurred at the beginning of the applicable LTM Period, be permitted to incur at least U.S.$1.00 of additional Financial Indebtedness pursuant to Condition 6.2(b); and

(D) the Guarantor shall have delivered to the Trustee and the Delegate an Officers Certificate and an opinion of independent legal advisers of recognised standing, each stating that such consolidation, merger or transfer and such supplemental guarantee (if any) comply with the foregoing,

provided, however, that subparagraph (A) above will not be applicable to (x) a Subsidiary of the Guarantor consolidating with, merging into or transferring all or part of its properties and assets to the Guarantor (so long as no Capital Stock of the Guarantor is distributed to any Person) or (y) the Guarantor merging with an Affiliate of the Guarantor solely for the purpose and with the sole effect of reincorporating the Guarantor in another jurisdiction.

For the purposes of this Condition 6.2(i), the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Guarantor, which properties and assets, if held by the Guarantor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Guarantor.

The Successor Company will be the successor to the Guarantor and shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under the Transaction Documents to which the Guarantor is a party, and the predecessor Guarantor, except in the case of a lease, shall be released from the obligation to pay all amounts in respect of the principal of and Periodic Distribution Amounts on the Certificates.

(j) *Officers Certificate*: it will furnish to the Delegate an Officers Certificate together with each copy of its financial statements referred to in Condition 6.2(g) and otherwise as soon as reasonably practicable following a request by the Delegate (and in any event within 10 Business Days of such request): (a) certifying compliance with the provisions of Condition 6.2; (b) listing its Material Subsidiaries (if any) as at such date; (c) setting out the Net Indebtedness to Total Equity Ratio for the immediately preceding LTM Period; (d) setting out the EBITDA to Consolidated Net Interest Expense Ratio for the immediately preceding LTM Period; and (e) stating whether since the date of the last Officers Certificate or (if none) the Issue Date, any Dissolution Event, Potential Dissolution Event, Change of Control Event or a Tangibility Event has occurred and, if any such event shall have occurred, providing details in respect thereof and stating what action the Guarantor is taking or proposes to take with respect thereto;

(k) *Rating*: it will maintain a corporate rating with at least one Rating Agency;

(l) *Liquidity Coverage Ratio*: it will:

(i) ensure that (i) the FY 2025 Liquidity Coverage Ratio shall be greater than or equal to 0.25:1.0 and (ii) the Q1 2026 Liquidity Coverage Ratio shall be greater than or equal to 0.50:1.00; and

(ii) send to the Delegate a certificate (the form and content of which the Delegate shall not be required to approve and upon which the Delegate shall rely conclusively and without enquiry) signed by two Authorised Representatives of the Guarantor:

(A) within a period of 15 business days from 31 December 2025, setting out the FY 2025 Liquidity Coverage Ratio; and

(B) within a period of 15 calendar days from 31 March 2026, setting out the Q1 2026 Liquidity Coverage Ratio.

6.3 Listing

Each of the Trustee and the Guarantor will use all reasonable endeavours to maintain the listing of the Certificates on the official list of the Stock Exchange and trading of the Certificates on the GEM for so long as any Certificate is outstanding. If, however, the Trustee and the Guarantor are unable to do so, having used such reasonable endeavours, or the maintenance of such listing and admission to trading has become unduly onerous, each of the Trustee and the Guarantor will maintain a listing and admission to trading of the Certificates on such other stock exchange or exchanges in Europe as the Issuer and the Guarantor may decide.

6.4 Covenant Fall-Away

To the extent that the Certificates have satisfied all conditions of the Investment Grade Status and at all times thereafter, the Guarantor will be released from its obligations to comply with Condition 6.2(b), 6.2(c), 6.2(d), 6.2(e), 6.2(f), 6.2(h), 6.2(i) and 6.2(l) and, in each case, any related Dissolution Events under Condition 12.

6.5 Delegate Reliance

The Trustee and the Guarantor have respectively undertaken in the Declaration of Trust to deliver a Trustee Certificate and an Officers Certificate (as applicable) to the Delegate in certain circumstances. The Delegate will be entitled to rely on any such Trustee Certificate or Officers Certificate without liability to any person and shall not be obliged to independently monitor compliance by the Trustee or the Guarantor with the covenants set forth in this Condition 6 (and will not be liable to any person for not so doing) and need not enquire further as regards the circumstances existing on the date of any such Trustee Certificate or Officers Certificate.

7. PERIODIC DISTRIBUTION AMOUNTS

7.1 Periodic Distribution Amounts

A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date, shall accrue at the Profit Rate and the amount of which shall be calculated as provided in these Conditions (each such distribution being referred to in these Conditions as a **Periodic Distribution Amount**). Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 and Condition 9.

Profit to be paid in respect of the Certificates shall accrue at 7.750 per cent. per annum and, subject to these Conditions, profit distributions to be paid on each Periodic Distribution Date shall be U.S.$38.75 per U.S.$1,000 in face amount of the Certificates.

7.2 Determination of Periodic Distribution Amounts Payable other than on a Periodic Distribution Date

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the **Relevant Period**), it shall be calculated as an amount equal to the product of:

(a) 7.750 per cent. per annum;

(b) the face amount of the Certificates outstanding; and

(c) the Day Count Fraction for such period, with the result being rounded to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards. For these purposes, **Day Count Fraction** means, the actual number of days in the period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Return Accumulation Period in which the Relevant Period falls (including the first day but excluding the last)).

7.3 Entitlement to Profit

Profit shall cease to accumulate in respect of each Certificate on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents and Condition 4.2, continue to accumulate at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.

8. REDEMPTION AND DISSOLUTION OF THE TRUST

8.1 Dissolution on the Scheduled Dissolution Date

Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed on the Scheduled Dissolution Date at its Dissolution Distribution Amount, and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date following the payment of all such amounts in full. Upon such dissolution as aforesaid and the termination of the Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.2 Early Dissolution for Taxation Reasons

The Certificates may be redeemed at the option of the Trustee in whole, but not in part, at any time (such date being an **Early Tax Dissolution Date**), on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (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;

(b) the Trustee has received notice from the Servicing Agent that Front Line has or will become obliged to pay additional amounts pursuant to the Transaction Documents; or

(c) the Trustee has received notice from the Guarantor that it has or will become obliged to pay additional amounts to the Trustee pursuant to the Guarantee,

in each case (i) as a result of any change in, or amendment to, the laws or regulations of the DIFC, the Emirate of Dubai or, the United Arab Emirates or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date, and (ii) such obligation cannot be avoided by the Trustee, the Guarantor, or Front Line, as the case may be, taking reasonable measures available to it; and provided in each case that no such notice of dissolution shall be given earlier than 90 days prior to the earliest date on which, in the case of paragraph (a) above, the Trustee would be obliged to pay such additional amounts were a payment in respect of the Certificates then due or, in the case of paragraph (b) above, Front Line would be obliged to pay such additional amounts were a payment in respect of the relevant Transaction Document then due or, in the case of paragraph (c) above the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Guarantee then due, as the case may be (each of the circumstances described in limbs (a) to (c) above, a **Tax Event**).

Prior to the publication of any notice of dissolution pursuant to this Condition 8.2, the Trustee shall deliver to the Delegate:

(a) a certificate signed by one director of the Trustee (in the case of Condition 8.2(a)), a certificate signed by two directors of Front Line (in the case of Condition 8.2(b)), or a certificate signed by two directors of the Guarantor (in the case of Condition 8.2(c)), in each case stating that the obligation referred to in Condition 8.2(a), Condition 8.2(b) or Condition 8.2(c), as the case may be, cannot be avoided by the Trustee, Front Line or the Guarantor, as the case may be, taking reasonable measures available to it; and

(b) an opinion of independent legal advisers of recognised standing to the effect that the Trustee, Front Line or the Guarantor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment.

The Delegate shall be entitled to accept and rely on (without further investigation) such certificate and legal opinion as sufficient evidence of the satisfaction of the relevant conditions precedent set out in this Condition 8.2, in which event it shall be conclusive and binding on Certificateholders. For the avoidance of doubt, the Delegate shall have no liability to any person for accepting and acting on such certificate and/or opinion.

Upon expiry of any such notice of dissolution given in accordance with this Condition 8.2 and payment of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust. Upon such dissolution as aforesaid and the termination of the Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.3 Dissolution at the Option of the Certificateholders (Change of Control Put Right)

(a) The Guarantor has agreed in the Guarantee to notify the Trustee and the Delegate forthwith upon the occurrence of a Change of Control Event and to provide a description of the Change of Control Event. The Trustee, upon receipt of such notice from the Guarantor or otherwise upon becoming aware of the occurrence of a Change of Control Event, shall promptly give notice (a **Change of Control Notice**) of the occurrence of a Change of Control Event to the Delegate and the Certificateholders in accordance with these Conditions. The Change of Control Notice shall provide a description of the Change of Control Event and shall require Certificateholders to elect within the period of 30 days from and including the date on which the Change of Control Notice is given (the **Change of Control Put Period**) if they wish all or any of their Certificates to be redeemed.

(b) If a Change of Control Event occurs, and provided that Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 8.3, the Trustee shall redeem such Certificates on the Change of Control Put Right Date at the Change of Control Dissolution Distribution Amount.

(c) To elect to redeem all or any of its Certificates in accordance with this Condition 8.3, a Certificateholder must deposit its Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed change of control put right exercise notice (a **Change of Control Exercise Notice**) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). No Certificate so deposited and right exercised may be withdrawn (except if the condition referred to in the previous paragraph is not satisfied and as otherwise provided in the Agency Agreement).

8.4 Dissolution at the Option of Certificateholders (Tangibility Event Put Right)

If a Tangibility Event occurs, upon receipt of a Tangibility Event Trustee Notice from the Servicing Agent in accordance with the Service Agency Agreement, the Trustee shall promptly give notice to the Certificateholders (a **Tangibility Event Notice**) in accordance with Condition 18 specifying:

(a) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

(b) that as determined in consultation with the Shari'a Adviser, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);

(c) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to trading or if such date is not a business day, the next following business day (**business day** being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to trading is open for business); and

(d) the Tangibility Event Put Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates.

Upon receipt of the Tangibility Event Notice, the Certificateholder of any Certificates may elect within the Tangibility Event Put Period to require the redemption of all or any of its Certificates.

If any Certificateholder exercises its right to redeem its Certificates in accordance with this Condition 8.4, the Trustee shall redeem such Certificates on the Tangibility Event Put Right Date at the Tangibility Event Dissolution Distribution Amount.

To elect to redeem all or any or any of its Certificates in accordance with this Condition 8.4, a Certificateholder must deposit its Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed Tangibility Event Put Notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). No Certificate so deposited and right exercised may be withdrawn (except if the condition referred to in the previous paragraph is not satisfied and as otherwise provided in the Agency Agreement).

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis) referred to in Condition 8.4(b) nor shall it be liable to any Certificateholder or any other person in respect thereof.

8.5 Dissolution following a Total Loss Event

The Trustee shall, upon receipt of notice from the Servicing Agent or otherwise becoming aware of the occurrence of a Total Loss Event (as defined below) and unless the Lease Assets are replaced as provided in the Service Agency Agreement by no later than the 60th day after the occurrence of a Total Loss Event, redeem the Certificates in whole, but not in part, on the close of business in London on the 61st day after the occurrence of the Total Loss Event (or, if such date is not a Business Day, on the immediately following Business Day) (the **Total Loss Dissolution Date**) at the Total Loss Dissolution Amount.

Upon payment in full of the Total Loss Dissolution Amount to the Certificateholders pursuant to this Condition 8.5, the Trustee shall be bound to dissolve the Trust.

A **Total Loss Event** is the total loss or destruction of, or damage to the whole of, the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

Upon the occurrence of a Total Loss Event, the Servicing Agent shall promptly notify the Lessor, the Delegate and the Trustee of the same and the Trustee shall promptly notify Certificateholders (the **Trading Notice**): (i) of the occurrence of a Total Loss Event; and (ii) from the date of the Trading Notice and until any further notice from the Trustee, in consultation with the Shari'a Adviser, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis) nor shall it be liable to any Certificateholder or any other persons in respect thereof.

8.6 Dissolution at the Option of the Guarantor (Clean-up Call Right following Change of Control Put Right or Tangibility Event Put Right)

If 25 per cent. or less in face amount of the Certificates originally issued remain outstanding following the redemption of Certificates pursuant to Conditions 8.3 or 8.4, Front Line will (further to receipt of an instruction notice from the Guarantor, acting in its sole discretion), give to the Trustee irrevocable notice of its intention to redeem the Certificates in accordance with this Condition 8.6 and in accordance with the Sale and Substitution Undertaking, upon receipt of such notice, the Trustee shall, on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders, redeem all of the Certificates on the date specified in such notice (the **Clean Up Call Right Dissolution Date**). Any such redemption of Certificates shall be at their Dissolution Distribution Amount and upon payment in full of the Dissolution Distribution Amount to all Certificateholders pursuant to this Condition 8.6, the Trustee shall be bound to dissolve the Trust.

8.7 Dissolution at the Option of the Guarantor (General Clean-up Call Right)

If 20 per cent. or less in face amount of the Certificates originally issued remain outstanding, Front Line will (further to receipt of an instruction notice from the Guarantor, acting in its sole discretion) give to the Trustee irrevocable notice of its intention to redeem the Certificates in accordance with this Condition 8.7 and in accordance with the Sale and Substitution Undertaking, upon receipt of such notice, the Trustee shall, on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders, redeem all of the Certificates on the date specified in such notice (the **General Clean Up Call Right Dissolution Date**). Any such redemption of Certificates shall be at their Dissolution Distribution Amount and upon payment in full of the Dissolution Distribution Amount to all Certificateholders pursuant to this provision, the Trustee shall be bound to dissolve the Trust.

8.8 Dissolution at the Option of the Guarantor (Optional Call Right)

Front Line will (further to receipt of an instruction notice from the Guarantor, acting in its sole discretion), give to the Trustee irrevocable notice of its intention to redeem the Certificates in accordance with this Condition 8.8 and in accordance with the Sale and Substitution Undertaking, upon receipt of such notice, the Trustee shall, on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders, redeem all of the Certificates on an Optional Call Right Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount and upon payment in full of the Dissolution Distribution Amount to all Certificateholders pursuant to this provision, the Trustee shall be bound to dissolve the Trust.

8.9 Dissolution following a Dissolution Event

Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trustee shall dissolve the Trust, as more particularly specified in Condition 12.

8.10 Purchases

Each of the Guarantor and the Guarantor's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price.

8.11 Cancellation

Upon receipt of a Cancellation Notice from the Guarantor in accordance with the Sale and Substitution Undertaking, Certificates purchased by or on behalf of the Guarantor or any of the Guarantor's Subsidiaries shall be cancelled in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so cancelled may not be reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged.

8.12 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 and in all cases subject to Condition 4.2.

9. PAYMENTS

9.1 Method of Payment

(a) Payments of the Dissolution Distribution Amount and/or (if applicable) the Change of Control Dissolution Distribution Amount, the Total Loss Distribution Amount or the Tangibility Event Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

(b) Payments of Periodic Distribution Amounts, the Dissolution Distribution Amount and/or (if applicable) the Change of Control Dissolution Distribution Amount, the Total Loss Distribution Amount or the Tangibility Event Dissolution Distribution Amount in respect of each Certificate shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**).

(c) Payments of the Dissolution Distribution Amount and/or (if applicable) the Change of Control Dissolution Distribution Amount, the Tangibility Event Dissolution Distribution Amount or the Total Loss Dissolution Amount in respect of each Certificate shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank that processes payments in U.S. dollars notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

9.2 Payments subject to Fiscal Laws

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

9.3 Payment Initiation

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

9.4 Appointment of Agents

The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent initially appointed by the Trustee and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Trustee (and, in certain limited circumstances as more fully specified in the Transaction Documents, the Delegate) and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time with the approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Trustee shall at all times maintain: (i) a Principal Paying Agent; (ii) a Registrar; (iii) a Transfer Agent; (iv) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a major European city; and (v) such other agents as may be required by any stock exchange on which the Certificates may be listed.

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

9.5 Non-Business Days

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

10. TAXATION

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the DIFC, the Emirate of Dubai or the United Arab Emirates or any authority thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

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

(b) **Surrender more than 30 days after the Relevant Date**: if the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a business day (as defined in Condition 9.5).

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

11. PRESCRIPTION

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within ten years (in the case of the Dissolution Distribution Amount and/or, as the case may be, the Change of Control Dissolution Distribution Amount, the Total Loss Dissolution Amount or the Tangibility Event 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

(a) If Dissolution Event occurs and is continuing:

(i) the Delegate, upon receiving notice thereof under the Declaration of Trust, shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 18 with a request to the Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and

(ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, give notice (a Dissolution Notice) to the Trustee, the Guarantor and the Certificateholders in accordance with Condition 18 that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable on the date of such notice (the **Dissolution Event Redemption Date**). A Dissolution Notice may be given pursuant to this paragraph (ii) whether or not notice has been given to Certificateholders as provided in paragraph (i) above.

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

12.2 Enforcement and Exercise of Rights

If following a Dissolution Event any amount payable in respect of the Certificates has not been paid in full (notwithstanding the provisions of Condition 12.1), the Trustee or the Delegate, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall (if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution) take one or more of the following steps:

(a) enforce the provisions of the Guarantee against the Guarantor; and/or

(b) take other actions, steps or proceedings to recover amounts due to the Certificateholders.

13. REALISATION OF TRUST ASSETS

(a) The Delegate shall not be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action or steps or proceedings against the Trustee, Front Line and/or the Guarantor under any Certificate or any Transaction Document to which any of the Trustee, Front Line and/or the Guarantor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction.

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

(c) The foregoing paragraphs in this Condition 13 are subject to this Condition 13(c). After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2, the obligations of the Trustee and the Delegate in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee or the Delegate.

14. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

14.1 Meetings of Certificateholders

(a) The Declaration of Trust contains provisions for convening meetings of Certificateholders (which may be held as a physical, virtual or hybrid meeting) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Declaration of Trust. Such a meeting may be convened by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more persons being or representing Certificateholders whatever the face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*: (i) to amend the Scheduled Dissolution Date or any date on which Certificates are to be redeemed or any date for payment of Periodic Distribution Amounts in respect of the Certificates; (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates; (iii) to amend the covenant given by the Trustee and the Delegate in Clause 15.1 of the Declaration of Trust; (iv) to vary the currency of payment or denomination of the Certificates; (v) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass the Extraordinary Resolution; or (vi) to amend the above list, in which case the necessary quorum shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on

Certificateholders (whether or not they were present at the meeting at which such resolution was passed).

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

14.2 Modification of the Declaration of Trust, any Certificate or any Transaction Document

(a) The Delegate may, without the consent or sanction of the Certificateholders: (A) agree to any modification of any of the Declaration of Trust, these Conditions or any other Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate: (a) such modification is of a formal, minor or technical nature; or (b) such modification is made to correct a manifest error; or (c) such modification is not materially prejudicial to the interests of the Certificateholders, provided that such modification is other than in respect of a matter which requires a special quorum resolution (as defined in the proviso to paragraph 2 of Schedule 3 to the Declaration of Trust), provided that such modification is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of the Certificates; or (B) and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time: (a) agree to waive or to authorise any breach or proposed breach of any of the provisions of the Declaration of Trust, these Conditions or any other Transaction Document; or (b) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such waiver, authorisation or determination is: (i) in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders, and (ii) not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of the Certificates.

(b) In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 14.2) the Delegate shall have regard to the interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Guarantor or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

15. DELEGATE

15.1 Delegation of Powers

(a) The Trustee will in the Declaration of Trust irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), trusts, 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 Declaration of Trust, that the Delegate may consider to be necessary or desirable in order to, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the

Declaration of Trust, provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation (together the **Delegation** of the **Relevant Powers**), provided further that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

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

(c) 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.

15.2 Indemnification

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

15.3 No Liability

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Trustee, the Servicing Agent or the Guarantor 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 Servicing Agent or the Guarantor but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

15.4 Reliance on Certificates and/or Reports

The Delegate may rely (without liability to any person) on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, the Guarantor, or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials (as applicable) of the Trustee, the Guarantor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

15.5 Proper Performance of Duties

Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the

Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Declaration of Trust.

15.6 Notice of Events

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

16. FURTHER ISSUES

The Trustee shall, subject to and in accordance with the Declaration of Trust, be at liberty from time to time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates (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. Any additional Certificates which are to form a single series with the outstanding Certificates previously constituted by the Declaration of Trust shall be constituted by a Supplemental Declaration of Trust. References in these Conditions to the Certificates include (unless the context requires otherwise) any other trust certificates issued pursuant to this Condition and forming a single series with the outstanding Certificates.

17. REPLACEMENT OF CERTIFICATES

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

18. NOTICES

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

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

20. GOVERNING LAW AND DISPUTE RESOLUTION; WAIVER OF INTEREST

20.1 Governing Law

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

20.2 Arbitration

The Delegate, the Trustee and the Guarantor have in the Declaration of Trust agreed that, subject to Condition 20.3, any dispute, claim, difference or controversy arising out of or in connection with the Certificates (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) 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 20.2. 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 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. If 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. If 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.

20.3 Option to Litigate

Notwithstanding the agreement described in Condition 20.2, the Delegate may, in the alternative, and at its sole discretion, by notice in writing to the Trustee and the Guarantor in accordance with the Declaration of Trust:

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

(b) if no arbitration has commenced,

require that the 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 the manner described in Condition 20.5 and any arbitration commenced under Condition 20.2 in respect of that Dispute will be terminated. With the exception of the Delegate and the Agents (whose costs will be borne by the Trustee, failing whom the Guarantor), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

20.4 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 notice to the LCIA and to any Tribunal (as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be functus officio. The termination is without prejudice to:

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

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

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

20.5 Effect of Exercise of Option to Litigate

If a notice is issued pursuant to Condition 20.3, the following provisions shall apply:

(a) subject to Condition 20.5 (c) below, the courts of England or the courts of the DIFC, at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and the Guarantor submits to the exclusive jurisdiction of such courts;

(b) each of the Trustee and the Guarantor agrees that the courts of England or the courts of the DIFC, at the option of the Delegate, 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 20.5 is for the benefit of the Delegate for and on behalf of the Certificateholders only. As a result, and notwithstanding Condition 20.5 (a) and (b) above, the Delegate shall not be prevented from taking 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.

20.6 Appointment of Process Agent

Each of the Trustee and the Guarantor irrevocably appoints Aykon International Real Estate Services Limited, at Damac Tower Nine Elms, North Tower, 67 Bondway Parry Street, London SW8 1GQ, United Kingdom as its agent to receive for it and on its behalf service of process in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee and/or the Guarantor). 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 Guarantor irrevocably agrees to appoint a substitute process agent, and shall immediately notify the Delegate of such appointment. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

20.7 Enforcement

An arbitral award or judgment or order of an English, DIFC or other court, in connection with a Dispute arising out of or in connection with these Conditions, shall be binding on the Trustee and the Guarantor and may be enforced against each of them in the courts of any competent jurisdiction.

20.8 Other Documents

Each of the Trustee and the Guarantor has in the Transaction Documents governed by English law to which it is a party made provision for arbitration, submitted to jurisdiction and appointed an agent for service of process on terms substantially similar to those set out above.

20.9 Waiver of Interest

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

(b) For the avoidance of doubt, nothing in this Condition 20.9 shall be construed as a waiver of rights in respect of Periodic Distribution Amounts, Lease Payments, Required Amounts, Dissolution Distribution Amounts, Exercise Price, Tangibility Event Certificateholder Put Right Exercise Price, Change of Control Exercise Price, Full Reinstatement Value, Loss Shortfall Amount, Deferred Sale Price, Profit Amount Instalments and Profit Amounts or profit or principal or any other amount of any kind howsoever described payable by the Guarantor (in any capacity), the Servicing Agent (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

GLOBAL CERTIFICATE

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

Form of the Certificates

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

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

Holders

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the **Registered Holder**). Each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as entitled to a particular aggregate face amount of such Certificates (the **Accountholders**) (in which regard any certificate or other document issued by a clearing system as to the aggregate face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder, and the expressions **Certificateholder** and **holder of Certificates** and related expressions shall be construed accordingly. In addition, holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Cancellation

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

Payments

Payments of any amount in respect of the Global Certificate will, in the absence of any provision to the contrary, be made to, or to the order of, the person shown on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where **Clearing System Business Day** means Monday to Friday inclusive except 25 December and 1 January.

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

Notices

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

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

Electronic Consent and Written Resolution

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

(a) approval of a resolution proposed by the Trustee, the Guarantor or the Delegate given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their respective operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates outstanding (an **Electronic Consent** as defined in the Declaration of Trust and Condition 14.1(b)) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum (as specified in the Declaration of Trust) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Declaration of Trust and Condition 14.1(a)) has been validly passed, the Trustee, the Guarantor and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, the Guarantor and/or the Delegate, as the case may be, by Accountholders in the relevant clearing system(s) with entitlements to such Global Certificate and/or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the Trustee, the Guarantor and the Delegate, as the case may be, has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instructions and prior to the effecting or implementation of such consent or instructions. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph (b), **commercially reasonable evidence** includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, and/or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the Accountholder of a particular principal or face amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, the Guarantor and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Put Option

The Certificateholders' put options in Condition 8.3 and Condition 8.4 of the Certificates may be exercised by the holder of the Global Certificate giving a Change of Control Exercise Notice, pursuant to Condition 8.3, or a Tangibility Event Put Notice, pursuant to Condition 8.4, to the Registrar or any 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 8.3 or Condition 8.4, as the case may be.

Registration of Title

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

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

Transfers

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

Exchange for Individual Certificates

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 if an Exchange Event occurs. For these purposes, **Exchange Event** means that: (i) a Dissolution Event (as defined in the Conditions) has occurred; or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of legal holiday) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the Global Certificate shall be exchanged in full for Individual Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the Certificateholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions (and such other information as the Trustee and the Registrar may require) to complete, execute and deliver such Individual Certificates.

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

USE OF PROCEEDS

The proceeds of the issue of the Certificates will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents in the following proportion: (a) not less than 55 per cent. of the aggregate face amount of the Certificates towards the purchase from Front Line Investment Management L.L.C and Royal Crown Properties LLC of all of their respective rights, title, interests, benefits and entitlements in, to and under the Assets pursuant to the Sale and Purchase Agreements; and (b) the remaining (being not more than 45 per cent. of the aggregate face amount of the Certificates) towards the purchase of commodities to be subsequently sold to the Guarantor pursuant to the Murabaha Agreement. The Guarantor will use the net proceeds of the issue of the Certificates for general corporate purposes (which may include the acquisition of an additional land bank) and for refinancing of the Group's outstanding indebtedness.

DESCRIPTION OF THE TRUSTEE

General

Alpha Star Holding VII Limited was incorporated in the Dubai International Financial Centre on 20 March 2023 as a prescribed company under the DIFC Companies Law No.5 of 2018 with registered number 6699, an exempted company with limited liability. The Trustee has been established as a company for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at Walkers Professional Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, PO Box 506513, Dubai, United Arab Emirates, and its contact telephone number is +971 4 363 7999.

As at the date of this Offering Circular, the Trustee issued 100 shares of U.S.$1.00 each (the **Shares**), all of which are fully-paid and are held by Walkers Fiduciary Limited as share trustee (the **Share Trustee**) under the terms of a declaration of trust (the **Share Declaration of Trust**) under which the Share Trustee holds the Shares on trust until the Termination Date (as defined in the Share Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit one or more Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to the Charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from its holding of the Shares.

Business of the Trustee

The Trustee is a newly formed entity and, as at the date of this Offering Circular, has not commenced business and does not have any substantial assets or liabilities. The Trustee will not have any substantial liabilities other than in connection with the Certificates and any further certificates issued pursuant to the Conditions. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are unrestricted provided that such object is not contrary to the principles of Shari'a and the Trustee has full power and authority to carry out any object not prohibited by all DIFC laws (all as set out in clause 4 of its Memorandum of Association as registered or adopted on 20 March 2023).

Financial Statements

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

Directors of the Trustee

The Directors of the Trustee are as follows:

Name	Occupation
Aaron Bennett	Senior Vice President, Walkers Fiduciary Limited
Kirstie Krypner	Senior Vice President, Walkers Fiduciary Limited

The business address of each of the directors is c/o Walkers Professional Services (Middle East) Limited, Level 14, Burj Daman, DIFC, PO Box 506513, Dubai, United Arab Emirates.

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

The Administrator

Walkers Professional Services (Middle East) Limited also acts as the administrator of the Trustee (in such capacity, the **Administrator**). The office of the Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Administration Agreement entered into between the Trustee, the Guarantor and the Administrator, the Administrator has agreed to perform in the DIFC or such other jurisdiction as may be agreed by the parties from time to time various corporate functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the AdministrationAgreement provide that either the Trustee or the Administrator may terminate such agreement upon the occurrence of any breach by the other party of its obligations under such agreement. In addition, the Administration Agreement provides that either party shall be entitled to terminate such agreement by giving at least three months' notice in writing.

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

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

The following information has been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to the section of this Offering Circular entitled "Operating and Financial Review" below and the Financial Statements and the notes thereto as incorporated by reference herein.

The ratios included herein have been prepared based on management information and information in the Financial Statements. Certain ratios below constitute Alternative Performance Measures for the purposes of the ESMA Guidelines. See "Presentation of Financial and Other Information".

	Year ended 31 December		
Consolidated statement of profit or loss	**2022**	**2021**	**2020** Restated
		(U.S.$ thousand)	
Revenue	816,455	807,383	1,273,057
Gross Profit	302,959	219,402	287,702
Profit/(loss) before tax	382,619	(130,571)	(175,649)
Profit/(loss) for the year	381,995	(143,742)	(175,649)

	As at 31 December		
Consolidated statement of financial position	**2022**	**2021**	**2020** Restated
		(U.S.$ thousand)	
Total Assets	5,869,097	6,073,063	5,878,117
Total Equity	2,541,905	3,561,121	3,659,367
Total Liabilities	3,327,192	2,511,942	2,218,750
Total Equity and Liabilities	5,869,097	6,073,063	5,878,117

	Year ended 31 December		
Consolidated statement of cash flows	**2022**	**2021**	**2020** Restated
		(U.S.$ thousand)	
Net cash generated from operating activities	1,391,646	718,956	272,891
Net cash generated from/(used in) investing activities	202,666	(416,988)	(260,920)
Net cash used in financing activities	(587,026)	(205,276)	(236,027)
Cash and cash equivalents at the end of year	2,004,025	996,739	900,047

The following table shows the reconciliation of operating profit to EBITDA for the Group for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively. These ratios constitute Alternative Performance Measures for the purposes of the ESMA Guidelines. See "*Presentation of Financial and Other Information–Presentation of Alternative Performance Measures*".

	Year ended 31 December		
	2022	2021	2020 Restated
	(U.S.$ thousand)		
Gross profit	302,959	219,402	287,702
Other income-net	74,779	33,344	20,667
Other operating income-net	337,842	37,330	43,299
General, administrative and selling expenses	(501,268)	(372,653)	(216,465)
EBITDA	214,312	(82,577)	135,203

EBITDA is not an IFRS measure. As referred to in this Offering Circular, the Guarantor has calculated EBITDA for each year as (i) the sum of gross profit, other income-net and other operating income-net of the Group for such year minus (ii) general, administrative and selling expenses of the Group for such year.

EBITDA should not be considered as an alternative measure to profit, as an indicator of operating performance, as an alternative to operating cash flows or as a measure of the Group's liquidity. EBITDA as presented in this Offering Circular may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

EBITDA has important limitations as an analytical tool and should not be considered in isolation from, or as a substitute for an analysis of, the Guarantor's operating results as reported under IFRS. Some of the limitations are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest/profit or principal payments on debt;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements; and
- other companies may calculate EBITDA differently, limiting its usefulness as a comparative measure.

The following table shows EBITDA and certain ratios for the Group for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

	Year ended 31 December		
	2022	2021	2020 Restated
	(U.S.$ thousand, unless otherwise stated)		
EBITDA(1)	214,312	(82,577)	135,203
EBITDA margin(2)	26%	-10%	11%
Gross debt(3)	331,303	724,699	869,322
Net debt(4)	(234,497)	128,377	367,868

	Year ended 31 December		
	2022	2021	2020 Restated
	(U.S.$ thousand, unless otherwise stated)		
Net debt/EBITDA[(5)]	-1.1x	-1.6x	2.7x
EBITDA/net interest[(6)]	45.9x	-1.7x	2.5x
Loan to Value[(7)]	8%	21%	26%
Debt to Assets[(8)]	6%	12%	15%
Debt to Equity[(9)]	13%	20%	24%

Notes:

(1) Calculated as (i) the sum of the sum of gross profit, other income-net and other operating income-net of the Group minus (ii) general, administrative and selling expenses

(2) Calculated as EBITDA divided by revenue.

(3) Calculated as the sum of bank borrowings and sukuk certificates

(4) Calculated as (i) the sum of bank borrowings and sukuk certificates minus (ii) cash on hand, bank balances and fixed deposits

(5) Calculated as (i) the sum of bank borrowings (less cash on hand, bank balances and fixed deposits) and sukuk certificates (ii) divided by EBITDA.

(6) Calculated as EBITDA divided by finance costs net of any finance income.

(7) Calculated as bank borrowings and sukuk certificates divided by development properties and cash and bank balances.

(8) Calculated as bank borrowings and sukuk certificates divided by total assets.

(9) Calculated as bank borrowings and sukuk certificates divided by total equity.

There has been no significant change in the financial or trading position of the Group since 31 December 2022, which is the end of the year covered by the selected financial information set out in the table above.

Dividends

On 3 August 2022, an interim cash dividend of U.S.$0.1385 per share amounting to U.S.$ 150 million was approved by the shareholder of the Guarantor in the general assembly. The dividend was paid on 17 August 2022.

On 29 September 2022, the Guarantor held a general meeting which approved a dividend equal to U.S.$ 1.1656 per share amounting to U.S.$1,262.0 million. The dividend was settled against due from a related party in connection with the Reorganisation (as defined below). Due from a related party represented total consideration ultimately payable by the Mr. Hussain Ali Habib Sajwani for the assets and subsidiaries disposed by the Group as part of the Reorganisation, as more particularly described in note 38 and note 39 to the 2022 Financial Statements.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial and Other Information", "Selected Historical Financial and Operating Data" and the Financial Statements. This discussion of the Group's financial condition and results of operations is based on, and is qualified in its entirety, by the Financial Statements. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular, particularly under the headings "Cautionary Statement Regarding Forward-looking Statements" and "Risk factors".

In the discussion that follows, references to the "period under review" refers to the period from 31 December 2020 through to 31 December 2022.

Overview

The Group is one of the leading developers of high-end property in the Middle East, with a strong track record in Dubai. The Group's award-winning developments include lifestyle community developments and tower developments in Dubai's high-end property sector. The Group's brand is widely recognised throughout the Middle East region.

The Group operates primarily in the residential segment of the high-end property sector of which its Dubai mixed-use community and tower developments contribute the majority of the Group's revenues. The Group also manages and operates a number of hospitality assets comprised of serviced apartments and hotels and develops its investment property segment which involves the lease of retail, residential and commercial units. Within the hospitality business, the Group currently operates and manages six serviced apartment projects.

The Group continually innovates in its product offerings in response to market demands and is currently enhancing the appeal of, and demand for, its community developments, residential tower and hospitality developments by adding new products to its portfolio such as: (i) villas and townhouses in its high-end lifestyle community developments such as Damac Lagoons, Damac Hills and Damac Hills 2; (ii) high-end apartments that are co-branded with premium brands such as FENDI Casa, Versace Home, De GRISOGONO, Cavalli, Just Cavalli, Paramount Hotels & Resorts and the Trump Organization; and (iii) fully serviced villas and apartments.

As at 31 December 2022, the Group had over 64.7 million square feet of saleable area comprising projects in progress and projects in planning. Approximately 42 per cent. of such area has been sold as of the date hereof. The Group continually seeks to identify opportunities to purchase additional land in Dubai to expand its portfolio and ensure future growth.

As at 31 December 2022, the Group had a track record of 43,755 completed units (of which 40,897 units are in Dubai and 2,858 units are located outside Dubai) equating to 53.6 million square feet of saleable area. As at 31 December 2022, the Group had approximately 28,000 units in progress equating to over 62.2 million square feet of saleable area. In addition, as at 31 December 2022, the Group had nine projects in planning stage encompassing approximately 2.4 million square feet of saleable area. Since 31 December 2022, Damac Bay by Cavalli, which is one of the key projects of the Group, has moved from projects in planning to projects in progress.

The Group's revenue and profit for the year ended 31 December 2022 amounted to U.S.$816.5 million and U.S.$382.0 million, respectively. The Group's revenue and loss for the year ended 31 December 2021 amounted to U.S.$807.4 million and U.S.$143.7 million, respectively. The Group's revenue and loss for the year ended 31 December 2020 amounted to U.S.$1,273.1 million and U.S.$175.6 million, respectively.

As at 31 December 2022, 31 December 2021 and 31 December 2020, the Group had total assets of U.S.$5,869.1 million, U.S.$6,073.1 million and U.S.$5,878.1 million, respectively.

The Group's revenues consist predominately of revenues from sales of community development units and residential tower units. Even though the Group pre-funds much of its construction expense through "off-plan" sales of units under development, it is permitted under IFRS to record revenue for these units only upon completion of a certain percentage of the construction in the UAE. See "*Description of Certain Line Items from the Consolidated Income Statement–Revenue*" below. The acquisition, development and construction costs for a given unit are capitalised until the revenue from the sale of that unit is recorded and at that point the acquisition, development and construction costs for that unit are recorded under "cost of sales".

The Group's principal cash requirements are funds for development and construction, acquisition of land for its land bank, servicing its funding costs and borrowing obligations and to a lesser extent for working capital. The UAE laws and regulations require funds received on pre-sales to be held in escrow and applied primarily towards development and construction costs (see "*Regulatory Information–Relevant Real Estate Legislation–RERA and Escrow Accounts*" for further information on the UAE escrow regime). For the expansion of its land bank and for working capital, the Group relies principally on its operating cash flow. The Group has also used term proceeds of sukuk certificates, bank borrowings and loans as a cost effective and reliable source of external funding for working capital and land acquisition. At 31 December 2022, bank borrowings and sukuk certificates accounted for nil per cent. and 6 per cent. of the Group's total equity and liabilities.

Trends and Factors Affecting Results of Operations

The Group's results have been affected, and are expected to be affected in the future, by a variety of trends and factors, including the following:

Timing and effectiveness of selling efforts

The Group recognises revenue for units in a project upon completion of a certain percentage of project construction and when a purchase contract for the relevant unit has been signed, and in respect of which at least 20 per cent. of the purchase price has been received.

The Group's business model of "buy, design, sell and build" based on the sale of a significant proportion of units in developments "off-plan" and in the early stages of construction. Under UAE law, the Group is permitted to commence sales when it has paid for the land in full, obtained funding for 20 per cent. of the project construction costs and met certain other conditions. The Group generally requires off-plan customers to pay up to 20 per cent. of the total sales price at the time of signing of the unit sale and purchase agreement and an additional approximately 20 per cent. of the total sales price within 12 months of signing of the unit sale and purchase agreement. Typically, 80 to 90 per cent. of the Group's units are sold off-plan. Cash received from pre-sales is required to be held in escrow in the UAE but can be released to pay development and construction costs. As a result, the Group's business has historically been financed from pre-sales, along with sales of previously completed units. To the extent that the Group is not able to generate targeted levels of pre-sales, it could be required to rely on bank financing to fund construction, which could reduce its net profit and/or increase the risks of project delays.

The selling prices that the Group achieves on its properties are important to its levels of revenue and gross profit. With respect to its projects in Dubai, the Group operates in a global market of high-end property end-users and investors from around the world. The Group's sales team proactively identifies countries and markets worldwide where it believes prospective customers (which may include investors and end-users) will be particularly receptive to its sales efforts. These efforts, if successful, can be critical in channelling end-users and investors to Dubai as opposed to other locations and to the Group's projects instead of to those of its Dubai-based competitors. The extent to which the Group's sales team creates substantial demand for its units has a direct impact on the prices it achieves and the revenue and gross profit that it records. The sales team strategically retains a certain percentage of units of its completed projects for sale at a later date, post project completion, to maximise average selling prices and returns achieved on its projects.

Building type and building design

Historically, the Group developed residential tower projects and more recently the focus of the Group has been on high-end community developments which mostly include low-rise buildings. Different building types and uses result in quite different profitability profiles. For instance, low-rise buildings tend to use space far less efficiently than high-rise buildings which have historically resulted in lower margins but such lower margins may be offset by more cost effective construction costs for low-rise buildings. Likewise, residential properties tend to result in higher margins than commercial properties. In addition, the Group spends considerable time in the design phase to ensure that building efficiencies are maximised. In particular, it retains its own staff of engineers and architects that work closely with its external service providers to ensure that its buildings achieve maximum levels of space efficiency. Its ability to do so has a direct impact on its profit margins for each project.

Cost and profit margin control

The Group's profit margins are directly correlated to its ability to manage its costs and to make cost-effective purchasing decisions. The biggest factor in the Group's cost-control efforts is its proactive approach to procurement, with the Group retaining responsibility for the commercial terms of the supply arrangements under construction contracts. Specifically, when entering into a construction contract with the general contractor, the Group retains responsibility for procurement of key items, and the resulting procurement pricing will be reflected in the construction contract entered into with the general contractor. In addition, the Group's internal architects, engineers and other specialists work closely with contractors throughout the construction process to ensure that project cost efficiency is maximised. The Group believes that these arrangements result in considerable cost savings, often producing higher margins than they would otherwise be.

In addition to the savings that are achieved through the Group's procurement and project oversight procedures, there are several cost factors that affect the cost and profitability of a particular project:

- Land costs are a significant variable from project to project and can vary according to both location and stage in the economic cycle. While property in premium locations is more expensive, projects in those locations have the potential to yield the highest profit margins. Within Dubai, the Group maintains close relationships with the Government-linked master developers that are the principal source of premium land available for sale.
- Raw material costs are tied to international commodities prices and thus can fluctuate widely at different points in the economic cycle. The principal raw materials used in construction of the Guarantor's projects are cement, which is procured locally from within the UAE, and steel, which is imported into Dubai by ship from such locations as India and China. Aluminium and glass are other principal building components, which may also be imported from neighbouring countries. There is a tendency for movements in building prices to partially correlate to movements in raw materials prices, the associated level of risk that the Group has historically been able to reduce by ensuring that such costs are covered early in the construction period rather than spread across a longer period of construction.
- For the Group's branded projects (FENDI Casa, Versace Home, de GRISOGONO, Cavalli, Just Cavalli, Paramount Hotels & Resorts and the Trump Organization), the brand licensing fees represent a relatively small portion of project costs. The Group believes that the higher sales prices it achieves on these projects more than offset the related branding fees, resulting in significantly higher profit margins on those projects relative to the Group's self-branded projects. Likewise, for serviced apartments, the Group believes that the higher sales revenues it has achieved on those projects have more than offset the development costs associated with such serviced apartments, resulting in higher profit margins.

The Group's ability to control costs in the period under review relates principally to its activities in Dubai. With regard to projects outside Dubai that the Group has undertaken or is planning, any difficulty in locating and contracting with suitable contractors could add to its costs and decrease its profit margins for any such projects.

Macroeconomic and political conditions

The Group's operations are principally located in Dubai, where it generated the majority of its revenue for the years ended 31 December 2020, 2021 and 2022. For the year ended 31 December 2022, the Group generated approximately 97 per cent. of its revenue in Dubai. For many of the Group's investors, high-end property in Dubai represents a safe haven for their accumulated capital. In addition to the Dubai property market characteristics outlined above, macroeconomic conditions and trends in Dubai have a significant impact on the desirability to these investors of a property purchase in Dubai.

Economic and political conditions in other countries can significantly increase the attractiveness of Dubai as a jurisdiction for safe-haven investments. Wealthy buyers and investors may, in response to conditions in their own countries, choose to move some of their capital abroad and often find real estate investments to be an attractive means for doing so. In addition, investors who have moved their capital to a given jurisdiction may, depending on developments in that jurisdiction, choose to redeploy their capital to another jurisdiction that is perceived as safer. As an example, the Group saw an increase in interest from CIS investors in 2022 following the outbreak of the Russia-Ukraine conflict. Dubai's attractiveness as a tourist destination and transit hub can have a significant impact on the Group's ability to attract investors from around the world. The Group believes that there is a correlation between the significantly increased numbers of tourists and airport traffic over the past few years and the increased interest in its property units.

Exchange rates

The sale prices of the Group's properties are denominated in AED or other currencies that are pegged to the U.S. dollar. Likewise, nearly all of its costs are denominated in AED or in U.S. dollars. The exchange rate between the U.S. dollar and other currencies in which potential buyers hold their money can have an impact on demand for the Group's developed properties. Declines in the trading value of the U.S. dollar against the currencies in which the Group's customers receive income or hold assets result in the Group's properties being more affordable to those customers in those currencies. Likewise, any strengthening of the U.S. dollar against other currencies can result in the Group's properties becoming more expensive to those customers. Any substantial strengthening of the U.S. dollar against the currencies of customers in the Group's target markets not pegged to the U.S. dollar could increase the prices of the Group's property units for customers in those markets and reduce the revenues that the Group is able to achieve.

Reorganisation

On 8 June 2021, Mr. Hussain Ali Habib Sajwani, the then ultimate majority owner of Damac Properties Dubai Co, PJSC (**Damac Properties**), made a formal offer through Maple Invest Co. Limited (an affiliate of the DICO Group (as defined below)) (**Maple**) to acquire 100 per cent. of the outstanding issued and paid-up ordinary share capital of Damac Properties (the **Offer**). On 28 October 2021, the board of directors of Damac Properties unanimously recommended to the shareholders of Damac Properties that they accept the Offer. On 5 December 2021, Maple announced it had received the requisite 90 per cent. acceptances and the Offer became unconditional in all respects. On 13 December 2021, the shares of Damac Properties became, by law, subject to mandatory acquisition. On 21 February 2022, the mandatory acquisition process was completed and all remaining shares of Damac Properties (not already held directly or indirectly by Maple, Mr. Sajwani or associated group members) were re-registered in the name of Maple.

On 7 March 2022, a general assembly meeting of Damac Properties approved resolutions: (i) authorising the conversion of the legal form of Damac Properties from a public joint stock company to a private joint stock company and (ii) approving the de-listing of Damac Properties' shares from the Dubai Financial Market. On 25 May 2022, the shares of Damac Properties were formally delisted from the Dubai Financial Market.

The purpose of the privatisation of Damac Properties was to enable Mr. Hussain Ali Habib Sajwani to realise his strategy to achieve 100 per cent. control of the Damac Properties business and facilitate the reorganisation of the Group and succession plans described below.

Following the successful privatisation and delisting of Damac Properties, Mr. Hussain Ali Habib Sajwani commenced a reorganisation of several related companies which were controlled by the family of Mr. Hussain Ali Habib Sajwani (the **Reorganisation**), which encompassed (i) Damac Properties, its subsidiaries and affiliates, and (ii) the companies used for the private investments of the family of Mr. Hussain Ali Habib Sajwani (**DICO Group**) (together with Damac Properties, its subsidiaries and affiliates, the **Combined Group**), and entailed the internal transfer of shares, assets, and cash from the Group to other members of the Combined Group. The transfers were effected through the release of dividends by the Group in the form of assets.

The purpose of the Reorganisation was to reallocate the ownership and management of assets and activities within the Combined Group to better pursue development opportunities in the UAE and internationally and create synergies across the different businesses of the Combined Group. This required the combination of the businesses of Damac Properties and the DICO Group resulting in re-allocation of some of the assets held by the Group elsewhere within the Combined Group.

Additionally, as part of the Reorganisation, the Group divested of its subsidiaries engaged in international real estate, financial investments and data centre businesses and other non-core assets to DICO Group, as more particularly described in notes 38 and 39 to the 2022 Financial Statements.

The Reorganisation was substantially completed as of 31 December 2022. See notes 38 and 39 to the 2022 Financial Statements for accounting impact of the Reorganisation as at and for the year ended 31 December 2022.

Description of Certain Line Items from the Consolidated Income Statement

Revenue

The Group has applied IFRS 15 (*Revenue from contracts with customers*) (**IFRS 15**) in preparing the Financial Statements.

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers comprising the following:

1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

5 Recognise revenue as and when the Group satisfies a performance obligation.

For apartment units, the amount of revenue recognised is by reference to the stage of completion of the contract activity at the balance sheet date, measured as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion, and where at least 20 per cent. of the contract purchase price has been received from the relevant customer. Any delays in the construction of projects will result in a delay in the recognition of the related revenue, regardless of how many units are pre-sold and how much of that purchase price has been paid.

To the extent the Group receives payment for units prior to the time at which it is permitted to record revenue on those units, it records the amount of those payments as a liability on its consolidated statement of financial position under "Advance from customers". Under the Escrow Law, these payments are required to be placed in escrow with a local bank, pending distribution to the construction contractors as work is completed, with the remainder released to the Group upon completion of the project. Payments for sold units that remain in the escrow account are also recorded on the consolidated statement of financial position as "cash and bank balances". When revenue on a property is recognised, the percentage of the purchase price is recorded as revenue in that period, the amount of "Advance from customers" recorded in respect of the property is reversed and any amounts still owing on the property are recorded as "Trade and other receivables".

Cost of sales

Cost of sales includes land costs, property development costs, construction fees and costs, permitting fees, project consultants' costs and utilities connection charges. Prior to the time at which revenue is recognised for a given project and unit, these associated project costs are capitalised and recognised as an asset on the consolidated statement of financial position under "development properties". The amount of development properties recognised is the lower of fair market value and actual cost. At the point when revenue from the sale of a unit is recognised, the corresponding value of the unit is removed from "Advance from customers", and the aggregate incurred costs are recognised on the consolidated income statement as "cost of sales".

Units that are completed but unsold are treated as inventory and reflected as assets on the consolidated statement of financial position under "development properties". Under IFRS, those assets are required to be assessed for impairment at least annually; any adjustments to their value are reflected on the consolidated income statement under "provision for impairment of development properties". In an environment of decreasing property value, where property prices falls below cost of the development of the property, any downward adjustments in the asset value of inventory can result in a non-cash cost in the consolidated income statement. In an environment of increasing property values, the reverse is true.

Other operating income-net

Other operating income-net consists of late payment penalties from overdue customers and income from customer down-payments that are forfeited upon cancellation of unit sales.

General, administrative and selling expenses

General, administrative and selling expenses represent all overhead expenses of the Group's business, such as staff costs, rent for premises, communication, travel, advertising, sales promotion and marketing, legal and professional fees, office consumables, repairs and maintenance, and utilities. Staff costs are the biggest component of general, administrative and selling expenses (accounting for roughly half of the total), along with advertising and sales promotion costs and rent and licence fees paid for sales offices that are externally owned and operated. In addition, where units have been sold and revenue has been recognised, but remaining payments are overdue, the Group recognises an impairment of that account receivable based upon its impairment assessment and records the value of that impairment under "general, administrative and selling expenses".

Depreciation on property and equipment and depreciation on investment properties

Depreciation represents the amortisation of capital assets over their useful lives. The Group depreciates its property and equipment on a straight-line basis over a six to ten-year period and its investment properties on a straight-line basis over a 25-year period.

Reversal / (Provision) for impairment on development properties

A property is deemed a development property from the moment it is purchased by the Group for the purposes of its development and sale to the Group's customers. The Group's expenditure on purchases of land, construction contracts and other development expenses are initially recorded as development properties. The Group is required periodically to compare the carrying value of that property against the current fair market value. To the extent that the current fair market value is lower than the carrying value, the Group is required to record a provision in the amount of the difference. That provision can be reversed in the future to the extent of positive movement in the fair market value up to the amount of provision recorded earlier.

Other income-net

Other income-net consists principally of management fees paid to the Group for properties that it manages, charges to customers for assignment or replacement of their contracts with the Group and fees received for support services, such as sales, project management and shared services.

Finance income

Finance income reflects interest earned on its bank deposits and on trade and other receivables. This includes interest income on amounts held in escrow as required by Dubai law and property regulation.

Finance costs

Finance costs consist of interest/profit paid on bank loans, profit distribution on sukuk certificates and interest on lease liabilities.

Results of Operations

The following table shows the Group's audited consolidated statement of profit or loss for the years ended 31 December 2022, 31 December 2021 and 31 December 2020:

	For the year ended 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Revenue	816,455	807,383	1,273,057
Cost of Sales	(513,496)	(587,981)	(985,355)
Gross profit	302,959	219,402	287,702
Other operating income - net	337,842	37,330	43,299
General, administrative and selling expenses	(501,268)	(372,653)	(216,465)

	For the year ended 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Amortisation of right-of-use assets	(837)	(745)	(8,931)
Depreciation on property and equipment	(5,556)	(8,758)	(5,700)
Depreciation on investment properties	(2,624)	(2,211)	(2,211)
Provision for impairment on property and equipment	—	—	(13,739)
Reversal / (provision) for impairment on development properties – net	188,900	103,336	(370,039)
Loss allowance reversal/(charged) on trade receivables	18,321	(7,414)	(40,757)
(Loss) / gain on sale of financial investments carried at fair value through profit or loss (FVTPL)	(35,484)	54,828	31,547
(Loss) / gain on financial investments carried at fair value through profit or loss (FVTPL)	—	(116,865)	9,227
Exchange loss	(6,419)	(64,723)	—
Other income – net	74,779	33,344	20,667
Finance income	24,980	3,390	12,602
Finance costs	(29,648)	(52,935)	(65,667)
Share of net (loss)/gain of associates	(3,597)	25,838	—
Gain on net monetary position	24,770	53,043	123,066
(Provision) / reversal for value added tax	(4,499)	(34,778)	19,750

	For the year ended 31 December		
	2022	2021	2020 Restated
		(*U.S.$ thousand*)	
Profit/(loss) before tax	382,619	(130,571)	(175,649)
Income tax expense – overseas	(624)	(13,171)	—
Profit/(loss) for the year	381,995	(143,742)	(175,649)
Attributable to:			
Owners of the company	382,299	(143,742)	(175,649)
Non-controlling interests	(304)	—	—
	381,995	(143,742)	(175,649)
Earnings / (loss) per share attributable to the owners of the Company:			
Basic and diluted	0.353	(0.133)	(0.162)

Discussion of the key line items from the Group's consolidated statement of profit or loss for the years ended 31 December 2022, 31 December 2021 and 31 December 2020.

Revenue

The following table shows the Group's revenue by type for each of the years ended 31 December 2022, 31 December 2021 and 31 December 2020:

	For the year ended 31 December		
	2022	2021	2020 Restated
		(*U.S.$ thousand)*	
Sale of development properties	792,757	786,813	1,259,080
Leasing revenue...	12,977	11,161	8,861
Other revenue	10,721	9,409	5,116
Revenue	**816,455**	**807,383**	**1,273,057**

The Group's revenue for the year ended 31 December 2022 was U.S.816.5 million, an increase of 1 per cent. as compared to U.S.$807.4 million for the year ended 31 December 2021 which, in turn, represented a decrease of 37 per cent. as compared to U.S.$1,273.1 million for the year ended 31 December 2020. The increase for the year ended 31 December 2022 was primarily attributable to a marginal increase in sale of development properties, leasing revenue and other revenue which, in turn, were as a result of a growth in sales of the Group's units and average real estate prices in Dubai on the back of improving macroeconomic conditions in 2022. The decrease for the year ended 31 December 2021 was primarily attributable to the decrease in sale of development properties as a result of a slower pace of construction progress on ongoing projects due to such projects nearing completion and fewer projects completed in 2021 as compared to 2020 which, in turn, was attributable to a decrease in new project launches in 2017 to 2020 as compared to 2016, with most of the projects launched in or before 2016 having been substantially completed and accounted for in revenue for the years up to and including 2020.

Cost of sales

The Group's cost of sales for the year ended 31 December 2022 was U.S.$513.5 million, a decrease of 13 per cent. as compared to U.S.$588.0 million for the year ended 31 December 2021 which, in turn, represented a decrease of 40 per cent. as compared to U.S.$985.4 million for the year ended 31 December 2020. The decrease in 2022 was primarily attributable to a higher proportion of projects with higher gross margins and lower cost of sales. The decrease in 2021 was attributable to a decrease in sales of development properties, which was primarily attributable to the factors described above.

Gross profit

The Group's gross profit for the year ended 31 December 2022 was U.S.$303.0 million, an increase of 38 per cent. as compared to U.S.$219.4 million for the year ended 31 December 2021, which, in turn, represented a decrease of 24 per cent. as compared to U.S.$287.7 million for the year ended 31 December 2020. These changes were attributable to the factors described above.

Other operating income-net

The Group's other operating income-net for the year ended 31 December 2022 was U.S.$337.8 million, an increase of 805 per cent. as compared to U.S.$37.3 million for the year ended 31 December 2021 which, in turn, represented a decrease of 14 per cent. as compared to U.S.$43.3 million for the year ended 31 December 2020. The increase in 2022 was primarily attributable to an increase in sale and purchase contracts with overdue customers terminated by the Group, with advances from the relevant customers having been forfeited by the Group in accordance with Dubai law. In 2022, the Group exercised its right to terminate sale and purchase contracts with overdue customers more frequently on the back of increase in demand in Dubai's real estate market enabling the Group to find buyers for the units it forfeited from such overdue customers. See – "*Regulatory Information – Compensation on Termination*".

The decrease in 2021 was primarily driven by a decrease in customers overdue as a result of improved economic conditions resulting in decrease in sale and purchase contracts terminated by the Group and penalties on overdue customers.

General, administrative and selling expenses

The following table shows the components of the Group's general, administrative and selling expenses for the years ended 31 December 2022, 31 December 2021 and 31 December 2020:

	For the year ended 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Staff costs	192,690	100,103	78,875
Selling and marketing expenses	167,911	162,916	68,146
Repairs and maintenance	58,269	62,115	36,217
Rent and license fees	7,742	10,295	5,789
Legal and professional	24,866	15,680	10,057
Travel and communication	10,177	4,456	3,876
Bank charges	9,426	5,938	4,331
Insurance	3,457	2,375	2,622
Social contributions	3,184	408	419

	For the year ended 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Other	23,546	8,367	6,133
	501,268	372,653	216,465

The Group's general, administrative and selling expenses for the year ended 31 December 2022 was U.S.$501.3 million, an increase of 35 per cent. as compared to U.S.$372.7 million for the year ended 31 December 2021 which, in turn, represented an increase of 72 per cent. as compared to U.S.$216.5 million for the year ended 31 December 2020. The increase in 2022 was primarily attributable to increases in staff costs, selling expenses, legal and professional expenses, travel and communication and other expenses, which, in turn, were as a result of the increase in the Group's headcount (in the case of staff costs), launch of new projects (in the case of marketing and selling expenses), increase in sale and purchase contracts with customers terminated by the Group (in the case of legal and professional expenses), growth in international sales roadshow activities and business travel (in the case of travel and communication expenses) and increase in handovers and related expenses on enhancing customers' experience as well as other office maintenance expenses (in the case of other expenses).

The increase in the Group's general, administrative and selling expenses in 2021 was primarily attributable to increases in selling and marketing expenses, repairs and maintenance and staff costs which, in turn, were as a result of a growth in the Group's marketing and project launch activities (in the case of selling expenses), increase in service charges on completed inventory units, office renovation and other IT-related expenses (in case of repairs and maintenance expenses) and an increase in headcount (in the case of staff costs).

Depreciation on property and equipment

The Group's depreciation on property and equipment for the year ended 31 December 2022 was U.S.$5.6 million, a decrease of 37 per cent. as compared to U.S.$8.8 million for the year ended 31 December 2021 which, in turn, represented an increase of 54 per cent. as compared to U.S.$5.7 million for the year ended 31 December 2020. The decrease in 2022 was primarily attributable to disposals of assets as part of the Reorganisation. See – "*Reorganisation*". The increase in 2021 was primarily attributable to an increase in property and equipment.

Depreciation on investment properties

The Group's depreciation on investment properties for the year ended 31 December 2022 was U.S.$2.6 million, an increase of 19 per cent. as compared to U.S.$2.2 million for the years ended 31 December 2021 and 31 December 2020. The increase in 2022 was primarily attributable to depreciation related to net additions to investment property portfolio of U.S.$6.5 million.

Reversal / (provision) for impairment on development properties – net

The Group's reversal for impairment on development properties-net for the year ended 31 December 2022 was U.S.$188.9 million, an increase of 83 per cent. as compared to U.S.$103.3 million for the year ended 31 December 2021. The Group's provision for impairment on development properties-net for the year ended 31 December 2020 was U.S.$370 million. The movements in 2022 and 2021 were primarily attributable to the recovery of Dubai's real estate market leading to higher real estate prices in Dubai and higher sales prices for the Group's properties.

(Loss) / gain on sale of financial investments carried at fair value through profit or loss (FVTPL)

The Group's loss on sale of financial investments carried at FVTPL for the year ended 31 December 2022 was U.S.$35.5 million as compared to a gain of U.S.$54.8 million and U.S.$31.5 million for the years ended 31 December 2021 and 31 December 2020, respectively. These movements primarily attributable disposals by the Group of its equity investments in the period under review.

(Loss) / gain on financial investments carried at fair value through profit or loss (FVTPL)

The Group's (loss) / gain on financial investments carried at FVTPL for the year ended 31 December 2022 was U.S.$ nil, as compared to a loss of U.S.$116.9 million for the year ended 31 December 2021 and a gain of U.S.$9.2 million for the year ended 31 December 2020. These movements were due to the changing mark-to-market values of the equity investments held by the Group in the period under review.

Other income-net

The following table shows the components of the Group's other income-net for the years ended 31 December 2022, 31 December 2021 and 31 December 2020.

	For the year ended 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Property management fees	12,693	12,142	8,278
Support services fees	20,175	1,316	1,316
Dividend income	6,467	14,316	663
(Loss) / gain on repurchase of sukuk certificates	(319)	(1,916)	6,348
Other	35,763	7,486	4,062
	74,779	33,344	20,667

The Group's other income-net for the year ended 31 December 2022 was U.S.$74.8 million, an increase of 124 per cent. as compared to U.S.$33.3 million for the year ended 31 December 2021, which in turn represented an increase of 61 per cent. as compared to U.S.$20.7 million for the year ended 31 December 2020. The increase in 2022 was primarily driven by an increase in support services fees received by the Group from its affiliates, Damac International Limited, DICO Investment Co. LLC and Nine Elms Property Limited upon completion of one of their projects. The increase in 2021 was mainly driven by an increase in dividend income and an increase in property management fees. The increase in dividend income in 2021 was as a result of an increase in financial investments. The increase in property management fees in 2021 was attributable to an increase in completed projects contributing to a growth in number of residential units covered by the Group's facilities management.

Finance income

The Group's finance income for the year ended 31 December 2022 was U.S.$25.0 million, an increase of 637 per cent. as compared to U.S.$3.4 million for the year ended 31 December 2021 which, in turn, represented a decrease of 73 per cent. as compared to U.S.$12.6 million for the year ended 31 December 2020. The increase in 2022 was primarily attributable to an increase in the Group's cash and bank balances and higher interest/profit rates payable on cash and bank balances on the back of the prevailing higher-interest rate environment. The decrease in 2021 was attributable to lower interest/profit rates payable on the Group's cash and bank balances as a result of the prevailing low-interest/profit rate environment.

Finance costs

The Group's finance costs for the year ended 31 December 2022 was U.S.$29.6 million, an decrease of 44 per cent. as compared to U.S.$52.9 million for the year ended 31 December 2021 which, in turn, represented a decrease of 19 per cent. as compared to U.S.$65.7 million for the year ended 31 December 2020. The decrease in 2022 was primarily attributable to decreases in sukuk certificates and bank borrowings as a result of their scheduled redemption and repayment, respectively. The decrease in 2021 was mainly driven by a decrease in sukuk certificates following the repurchase by the Group of sukuk certificates in an aggregate face value of approximately U.S.$147 million.

Exchange loss

The Group's exchange loss for the year ended 31 December 2022 was U.S.$6.4 million, a decrease of 90 per cent. as compared to U.S.$64.7 million for the year ended 31 December 2021 which, in turn, represented an absolute increase as compared to U.S.$ nil for the year ended 31 December 2020. The decrease in 2022 was primarily attributable to the disposal by the Group of Damac Properties Lebanon SAL (**Damac Lebanon**) during that year. The increase in 2021 was mainly driven by the application of IAS 29 (*Financial Reporting in Hyperinflationary Economies*) to Damac Lebanon, which, in turn, was as a result of a depreciation of the Lebanese pound against AED and Lebanon's economy meeting the criteria of a hyper-inflationary environment under IAS 29.

Gain on net monetary position

The Group's gain on net monetary position for the year ended 31 December 2022 was U.S.$24.8 million, a decrease of 53 per cent. as compared to U.S.$53.0 million for the year ended 31 December 2021 which, in turn, represented a decrease of 57 per cent. as compared to U.S.$123.1 million for the year ended 31 December 2020. The decrease in 2022 was primarily attributable to the disposal by the Group of Damac Lebanon. The decrease in 2021 was mainly driven by the movement in non-monetary assets, equity and items of the Group as at 31 December 2021 resulting from the application of IAS 29 (*Financial Reporting in Hyperinflationary Economies*) to Damac Lebanon.

Profit for the year

As a result of the factors described above, the Group's profit for the year ended 31 December 2022 was U.S.$382 million, as compared to a loss of U.S.$143.7 million for the year ended 31 December 2021 and a loss of U.S.$175.6 million for the year ended 31 December 2020.

Historical Cash Flows

The following shows the key line items from the audited consolidated statement of cash flows of the Group for the years ended 31 December 2022, 31 December 2021 and 31 December 2020:

	For the year ended 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Operating cash flows before changes in operating assets and liabilities	211,094	(98,354)	163,117
(Increase)/decrease in trade and other receivables	(179,264)	459,206	225,697
Decrease/(increase) in development properties	104,756	(19,785)	102,779
Increase/(decrease) in trade and other payables	110,448	39,683	(149,323)
Increase/(decrease) in advances from customers	1,268,662	351,655	(82,599)
Employee end-of-service indemnity paid	(2,264)	(1,973)	(4,619)
Currency translation adjustments/hyperinflation	—	(11,476)	17,839
Increase in due from related parties	(121,162)	—	—
Income tax paid – overseas	(624)	—	—
Net cash generated from operating activities	**1,391,646**	**718,956**	**272,891**
Cash flows from investing activities			
Purchases of property and equipment	(7,659)	(6,765)	(2,151)
Decrease in financial investment	—	—	15,194
Purchase of investment properties	(36,183)	—	—
Acquisition of financial investments at FVTPL and FVTOCI	(69,275)	(924,415)	(249,189)
Proceeds from disposal of financial investment at FVTPL	528,884	365,279	124,415
Investment in associate	-	(78,000)	(79,728)
Acquisition of subsidiaries - net of cash acquired	14,119	—	—
Disposal of subsidiaries - net of cash disposed of	(151,325)	—	—
(Increase)/decrease in other financial assets	(10,847)	78,170	38,408

	For the year ended 31 December		
	2022	2021	2020 Restated
		(U.S.$ thousand)	
(Increase)/decrease in deposits with an original maturity of greater than three months	(94,679)	129,793	(121,610)
Interest received	23,164	4,634	13,078
Dividend income received	6,467	14,316	663
Net cash generated from/(used in) investing activities	**202,666**	**(416,988)**	**(260,920)**
Cash flows from financing activities			
Repayment of bank borrowings	(33,968)	—	(108,220)
Proceed from bank borrowings	3,580	—	—
Redemption and repurchase of sukuk certificates	(360,549)	(147,910)	(55,427)
Repayment of principal lease liabilities	(1,802)	(1,802)	(7,634)
Dividend paid	(150,000)	—	—
Non-controlling interests	(9,127)	—	—
Finance costs paid	(35,160)	(55,564)	(64,746)
Net cash used in financing activities	**(587,026)**	**(205,276)**	**(236,027)**

Net cash generated from operating activities.

Net cash generated from operating activities principally reflects cash received from sales of properties in any given year, offset by expenditures for property development and construction.

The Group's net cash generated from operating activities was U.S.$1,391.6 million for year ended 31 December 2022, an increase of 94 per cent. as compared to U.S.$719.0 million for the year ended 31 December 2021 which, in turn, represented a 163 per cent. increase as compared to U.S.$272.9 million for the year ended 31 December 2020. These increases were primarily attributable to an increase in amounts collected from customers on the back of the increase in sales of new launches in the period under review.

Net cash generated from/(used in) investing activities.

Net cash generated from / (used in) investing activities principally reflects cash received by the Group from sales or cash used by the Group for purchases of property and equipment, financial investments, investments and subsidiaries as well as cash invested in or received by the Group from deposits with an original maturity of greater than three months.

The Group's net cash generated from investing activities for the year ended 31 December 2022 was U.S.$202.7 million, as compared to the net cash used in investing activities of U.S.$417.0 million for the year ended 31 December 2021 and the net cash used in investing activities of U.S.$260.9 million for the year ended 31 December 2020. The change in 2022 was primarily attributable to a decrease in acquisition of financial investments at FVTPL and fair value through other comprehensive income (**FVTOCI**) and an increase in proceeds from disposal of financial investment at FVTPL. The increase in the Group's net cash used in investing activities in 2021 was mainly driven by an increase in acquisition of financial investments at FVTPL and FVTOCI.

Net cash used in financing activities.

Net cash used in financing activities principally reflects cash received by the Group from bank borrowings and sukuk certificates and cash used by the Group for repayment of bank borrowings, redemption of sukuk certificates as well as for payment of finance costs.

The Group's net cash used in financing activities was U.S.$587.0 million for the year ended 31 December 2022, an increase of 186 per cent. as compared to U.S.$205.3 million for the year ended 31 December 2021, which, in turn, represented a decrease of 13 per cent. as compared to U.S.$236.0 million for the year ended 31 December 2020. The increase in 2022 was primarily attributable to increases in repayment of bank borrowings, redemption and repurchase of sukuk certificates and dividend paid, which, in turn were mainly driven by scheduled redemption of sukuk certificates, scheduled repayment of bank borrowings and payment of cash dividends. The increase in 2021 was mainly driven by an increase in redemption and repurchase of sukuk certificates resulting from the repurchase by the Group of sukuk certificates in aggregate face value of approximately U.S.$147 million.

Expected Cash Requirements

Construction costs.

The Group seeks to fund construction costs through escrow monies received from pre-sales of its property units. For projects in Dubai (constituting the majority of the Group's projects during the year under review), the Group's application of construction costs is subject to regulation. Specifically, the Group is not allowed to commence construction until 20 per cent. of construction costs have been provided for. This is typically accomplished through the allocation of funds from the Group's cash flows from operating activities but often accomplished through putting bank guarantees in place. The initial phases of construction are generally financed through these provided funds. Pre-sales of property units takes place after construction has commenced, with 10 to 20 per cent. of the purchase price of a given unit generally required to be paid up-front and with further down-payments occurring at scheduled intervals thereafter. Any such monies are required under Dubai laws and regulations to be placed into escrow and can be released as construction milestones are met. This arrangement allows the Group to fund most of its construction costs with escrowed funds received from pre-sales, supplemented as needed by cash flows from operating activities. To the extent that construction costs cannot be met by a combination of funds from pre-sales and cash flows from operating activities, the Group would seek to meet its construction commitments from financing facilities. The nature of the regulatory regime in Dubai is such that pre-sales of a project can begin only if the Group has established an escrow account for that project.

Financing arrangements

On 18 April 2018, the Group issued U.S.$400,000,000 sukuk certificates due 2023 (the **2023 Certificates**) through a special purpose vehicle, Alpha Star Holding V Limited. The 2023 Certificates bear profit at a rate of 6.625 per cent. per annum.

On 7 February 2023, the Group issued U.S.$200,000,000 sukuk certificates due 2025 (the **2025 Certificates**) through a special purpose vehicle, Alpha Star Holding VI Limited. The 2025 Certificates bear profit at a rate of 7.50 per cent. per annum.

Lease obligations

The Group had entered into long term lease contracts for the golf course land in its Damac Hills development. At 31 December 2022, the aggregate amount owing under its various lease contracts was U.S.$17.7 million.

Off-balance sheet and contingent obligations

In order to launch a project and begin selling units in that project on a pre-sale basis, the Group is required to provide for 20 per cent. of the construction costs of the project. It frequently does so by providing a bank guarantee in the required amount. If these bank guarantees were to be drawn on, the Group would be responsible for the entire amount upon demand. The aggregate amount of its bank guarantees was U.S.$365.7 million at 31 December 2022, U.S.$294.3 million at 31 December 2021 and U.S.$165.4 million at 31 December 2020. In addition, the Group is required to provide letters of credit from time to time in connection with its purchases of supplies and furnishings, although the aggregate amount of these that are outstanding at any time tends not to be material.

Expected Sources of Funds

The Group plans to continue to meet its cash requirements for its construction obligations including under its community developments and tower developments principally through pre-sales of its property units. To the extent that it requires cash from time to time for working capital purposes or in connection with land acquisitions, it intends to continue to enter into financing facilities with banks. In Dubai, properties in the Group's land bank can initially be mortgage-financed, but these mortgage financings must then be repaid or refinanced within a finite period because pre-sales on an encumbered property are not permitted. Accordingly, most of the properties in the Group's land bank are paid in full with funds from non-escrowed cash and cash equivalents or from unsecured financing facilities.

The Group uses a limited amount of bank guarantees to support its land purchases and letters of credit to support purchases of supplies and furnishings.

Key Line Items from the Consolidated Statement of Financial Position as at 31 December 2022, 31 December 2021 and 31 December 2020

The majority of the Group's assets consist of development properties, cash and bank balances and amounts due from trade and other receivables. The majority of the Group's liabilities consist of trade and other payables and advances from customers, bank borrowings and sukuk certificates.

Development properties

Development properties consist of land held for future development, properties under development and completed properties as to which there is no contract of sale or as to which a contract of sale has been executed but the sale is not yet recognised for accounting purposes. Under IFRS the Group is required to assess the value of its development properties at least annually and, as required, to take a provision to reflect any decrease in the net realisable value of the properties or to reverse provisions previously taken. This assessment was most recently undertaken as at 31 December 2022.

At 31 December 2022. 31 December 2021 and 31 December 2020, the recorded value of the Group's development properties was U.S.$2,050.4 million, U.S.$2,336.1 million and U.S.$2,224.8 million, respectively.

The table below shows the components of the Group's development properties as at 31 December 2022, 31 December 2021 and 31 December 2020:

	As at 31 December		
	2022	**2021**	**2020** Restated
		(U.S.$ thousand)	
Land held for future development	60,395	714,611	731,612
Properties under development	1,634,418	1,126,441	842,063
Completed properties	355,574	495,066	671,117
	2,050,387	2,336,118	2,244,792

Properties under development constituted the majority of development properties, accounting for 80 per cent., 48 per cent. and 38 per cent. as at 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

Cash and bank balances

Cash and bank balances consist primarily of cash held in escrow, which are predominantly advances received from customers on off-plan sales. These amounts are generally released to cover construction costs as contractually agreed milestones are met. Cash and bank balances also include amounts recorded as fixed deposits, bank balances and cash on hand.

As at 31 December 2022, 31 December 2021 and 31 December 2020, cash and bank balances was U.S.$2,223.1 million, U.S.$1,121.2 million and U.S.$1,154.3 million, respectively.

The table below shows the components of the Group's cash and bank balances as at 31 December 2022, 31 December 2021 and 31 December 2020:

	As at 31 December		
	2022	**2021**	**2020**
		(U.S.$ thousand)	
Cash on hand	556	153	263
Cash held in escrow	1,657,347	524,860	652,829
Bank balances	49,657	240,085	165,598

	As at 31 December		
	2022	2021	2020
		(U.S.$ thousand)	
Fixed deposits	515,587	356,084	335,593
Cash and bank balances	2,223,147	1,121,182	1,154,283
Fixed deposits with an original maturity of greater than three months	(219,122)	(124,443)	(254,236)
	2,004,025	**996,739**	**900,047**

Trade and other receivables

Trade and other receivables consist principally of amounts receivable from customers which are yet to be collected. A customer has an obligation to pay as per the agreed payment set out in a unit sale and purchase agreement. Trade and other receivables include unbilled receivables pertaining to instalments which are not due yet and billed receivables pertaining to instalments due as per the agreed payment plan, but yet to be paid by the customers as at a reporting date. Customers are allowed 30 days from invoice date to settle outstanding dues. Trade and other receivables also include advances, deposits, other receivables and prepayments.

At 31 December 2022, 31 December 2021 and 31 December 2020, trade and other receivables was U.S.$1,390.9 million, U.S.$1,444.8 million and U.S.$1,912.7 million, respectively.

Trade and other payables

Trade and other payables consist of trade payables, accruals, retentions payable, provisions for employees' end-of-service indemnity, provision for taxation and other payables.

At 31 December 2022, 31 December 2021 and 31 December 2020, trade and other payables was U.S.$894.7 million, U.S.$851.6 million and U.S.$766.9 million, respectively.

Advances from customers

Advances from customers consist principally of advances from customers, generally in the form of payments on the purchase of properties under contracts and on which revenue is not yet recognised. To the extent these funds are held in escrow and have not been disbursed to cover construction costs, they also appear as an asset under cash and bank balances.

At 31 December 2022. 31 December 2021 and 31 December 2020, advances from customers was U.S.$2,083.5 million, U.S.$917.9 million and U.S.$564.7 million, respectively.

Sukuk certificates

Sukuk certificates relate to proceeds from the issuance of sukuk certificates. As at 31 December 2022, 31 December 2021 and 31 December 2020, the carrying amount of sukuk certificates was U.S.$331.3 million, U.S.$690.7 million and U.S.$835.4 million respectively.

Transactions with Related Parties

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24: *Related Party Disclosures*. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges. Pricing policies and terms of all transactions are approved by the management.

For further detail on transactions with related parties, see Note 22 to the 2022 Financial Statements and Note 21 to the 2021 Financial Statements in respect of transactions entered into by the Guarantor with related parties.

Exposure to Financial Market Risk

The Group is exposed to financial market risk, principally in the form of fluctuations in interest/profit rates and commodity prices.

Interest/profit rate risk

The Group borrows money either in form of sukuk certificates or term facilities from banks. Profit under sukuk certificates is payable at fixed rates. Interest under most of the Group's term facilities outstanding in the period under review was payable at fixed rates. The Group's bank borrowings was U.S.$ nil as at 31 December 2022, U.S.$ 34.0 million as at 31 December 2021 (with approximately 95 per cent. accruing interest at fixed rates at that date) and U.S.$ 34.0 million as at 31 December 2020 (with approximately 96 per cent. accruing interest at a fixed rates at that date). If interest rates had been 50 basis points higher or lower and all other variables were held constant, profit for the years ended 31 December 2021 and 31 December 2020 would have decreased or increased due to change in finance cost on floating rate loans, by U.S.$ nil, U.S.$ 0.2 million and U.S.$ 0.2 million, respectively, based on closing bank borrowing balances for the respective financial year.

The Group has not entered into any derivative instruments to manage interest rate risk as it believes that the risk is not material and that the costs of those instruments would outweigh any benefit. The Group continues to review the interest rate risk and the policies in place to manage this risk.

Commodity pricing risk

The Group is exposed to commodity pricing risk related to the costs it incurs under the terms of its contracts with contractors for such raw materials as cement, steel, glass and aluminium. Increases in prices for these raw materials and commodities could result in the Group being required to pay more to engage contractors and/or having to bear part or all of the increases in such costs above certain indices stated in the relevant contracts. As a general matter, the Group believes that fluctuations in housing prices tend to be correlated with fluctuations in commodities prices, but the Group does not view commodity pricing fluctuations as posing a significant risk to its business, financial condition, results of operations and prospects.

Nonetheless, because the majority of its sales are made prior to the completion of construction, the Group is not able to pass on to its customers any such increases in costs which arise after such sales are made, including during the course of construction. The Group manages this risk by internally assessing the feasibility of projects prior to launch. After launch, the Group's commercial and procurement department awards contracts to contractors on the basis of several criteria, including the terms relating to the allocation of liability for costs and cost increases. Finally, once contracts have been awarded, project managers review the projects on a monthly basis, considering among other matters any variations to the specifications for the project, such as changes in the volumes of materials required. In response to such variations, the project managers may then take remedial measures such as renegotiating with the contractor the terms governing the allocation of liability for the resultant increases in costs.

Currency risk

Most of Group's foreign currency transactions and balances are denominated in U.S.$ or currencies pegged to U.S.$ (AED, Saudi Riyal, Bahraini Dinar, Qatari Riyal, Jordanian Dinar). Some of the Group's foreign currency transactions and balances in the years ended 31 December 2021 and 31 December 2020 were denominated in Lebanese pound and related to the Damac Lebanon's property business in Lebanon. The Group disposed of Damac Lebanon in 2022 as part of the Reorganisation.

As a result, foreign currency transactions and balances do not represent significant currency risk to the Group.

Critical Accounting Judgements and Key Sources of Estimation of Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most material line items requiring management judgement, estimates and assumptions are the following:

Satisfaction of performance obligations under IFRS 15

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that, based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Cancellation fees

The Group believes that in relation to defaulting customers, once all negotiations and communication channels with the customers for renegotiating or for future payments are exhausted, it is appropriate to terminate contracts, and recognise cancellation fees in the consolidated statement of comprehensive income.

Net realisable value of development properties

The realisable values of development properties were determined by the management of the Guarantor, in consultation with the Group's auditor on a yearly basis based on valuations performed by qualified and independent chartered surveyors and property consultants. These valuations have been prepared in accordance with the Valuation Standards of RICS, and are reflective of the economic conditions prevailing as at the reporting date, and changes in the development plan of certain projects.

The primary valuation method used was the residual land valuation method which is based on a discounted cash flow approach that determines the value of the property by deducting the estimated costs to complete the development from the estimated value on completion derived from the sales proceeds of the property. This method entails estimating the gross realisation from the projected sales price of the properties. From this is deducted the outstanding estimated cost to service the property including a developer's margin to arrive at a residual value. The resultant value expressed in net present value terms represents the estimated price that a well-informed rational and efficient developer or investor would pay for the subject property. The method takes into account the time value of money concept where future cash flows are discounted at rates ranging from 12 per cent. to 20 per cent. during 2022 (in 2021 the range was from 10 per cent. to 21 per cent.) depending on the nature and scale of the project under development and the timeframe over which it is expected to be developed. The properties are expected to be developed over a period varying between 1 to 5 years.

For impairment losses recognised in the period under review, the Group has assessed, based on internal and external sources of information, and concluded that the carrying value of the related development property is appropriately stated as per IAS 2 (*Inventories*).

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is one of the leading developers of high-end property in the Middle East, with a strong track record in Dubai. The Group's award-winning developments include lifestyle community developments and tower developments in Dubai's high-end property sector. The Group's brand is widely recognised throughout the Middle East region.

The Group operates primarily in the residential segment of the high-end property sector of which its Dubai mixed-use community and tower developments contribute the majority of the Group's revenues. The Group also manages and operates a number of hospitality assets comprised of serviced apartments and hotels and develops its investment property segment which involves the lease of retail, residential and commercial units. Within the hospitality business, the Group currently operates and manages six serviced apartment projects.

The Group continually innovates in its product offerings in response to market demands and is currently enhancing the appeal of, and demand for, its community developments, residential tower and hospitality developments by adding new products to its portfolio such as: (i) villas and townhouses in its high-end lifestyle community developments such as Damac Lagoons, Damac Hills and Damac Hills 2; (ii) high-end apartments that are co-branded with premium brands such as FENDI Casa, Versace Home, De GRISOGONO, Cavalli, Just Cavalli, Paramount Hotels & Resorts and the Trump Organization; and (iii) fully serviced villas and apartments.

As at 31 December 2022, the Group had over 64.7 million square feet of saleable area comprising projects in progress and projects in planning. Approximately 42 per cent. of such area has been sold as of the date hereof. The Group continually seeks to identify opportunities to purchase additional land in Dubai to expand its portfolio and ensure future growth.

As at 31 December 2022, the Group had a track record of 43,755 completed units (of which 40,897 units are in Dubai and 2,858 units are located outside Dubai) equating to 53.6 million square feet of saleable area. As at 31 December 2022, the Group had approximately 28,000 units in progress equating to over 62.2 million square feet of saleable area. In addition, as at 31 December 2022, the Group had nine projects in planning stage encompassing approximately 2.4 million square feet of saleable area. Since 31 December 2022, Damac Bay by Cavalli, which is one of the key projects of the Group, has moved from projects in planning to projects in progress. In addition, the Group launched Canal Heights project in March 2023.

The Group's revenue and profit for the year ended 31 December 2022 amounted to U.S.$816.5 million and U.S.$382.0 million, respectively. The Group's revenue and loss for the year ended 31 December 2021 amounted to U.S.$807.4 million and U.S.$143.7 million, respectively. The Group's revenue and loss for the year ended 31 December 2020 amounted to U.S.$1,273.1 million and U.S.$175.6 million, respectively.

As at 31 December 2022, 31 December 2021 and 31 December 2020, the Group had total assets of U.S.$5,869.1 million, U.S.$6,073.1 million and U.S.$5,878.1 million, respectively.

The Group's property development business model comprises four main phases - buy, design, sell and build property. For each project, the Group typically seeks to execute all phases of its business model within a two- to four-year cycle. In Dubai, the development parameters for each parcel of land available for sale by the Government are established by the Government. Prior to purchase, the Group establishes specific financial and land-efficiency targets for each parcel of land that it wishes to acquire and these targets guide the design and development process. All land purchased by the Group in Dubai is within areas where expatriates and non-UAE nationals are permitted to own a freehold interest in land. Each parcel of land purchased by the Group is generally paid for in cash upfront. Pursuant to Dubai laws and regulations, project pre-sales can only begin when 20 per cent. of construction costs have been provided for and the land has been paid for in full. The remainder of the construction costs are typically covered from instalment payments on sales of units, which are timed (when possible) to coincide roughly with construction payment milestones. This arrangement allows the Group to reduce its financial exposure and to operate at lower levels of leverage. It also provides it with enhanced visibility of future revenues.

As at 31 December 2022, the Group had a land bank of 2.4 million square feet of saleable area of land comprising undeveloped parcels of land in prime locations mainly in Dubai, which is targeted for development and delivery by the end of 2028. The Group continually seeks to identify opportunities to purchase additional land in Dubai that offer the potential to earn high returns.

The Guarantor is the holding company of the Group. The Guarantor is incorporated in the DIFC as a company limited by shares with its registered office Unit 115, Level 1, Park Towers, Dubai International Financial Centre, PO Box 2195, Dubai, United Arab Emirates and its telephone number is +971 (4) 373 1000.

HISTORY OF THE GROUP

The Group's property business was established in 1992 in its predecessor form by Mr. Hussain Ali Habib Sajwani. The business focused originally on developing and selling hotels and other properties to UAE nationals. In 2002, real estate laws in Dubai changed to allow non-UAE nationals to own freehold land interests in designated areas. In response, the Group began developing and selling high-end residential, commercial and mixed-use tower developments to international and UAE-based customers and since 2015 has focused on mixed-use community developments in addition to the development of mixed-use tower projects with a primary focus on residential developments.

The Guarantor was incorporated as a new holding company for the Group on 31 October 2013, with initial registered paid up capital of U.S.$50,000 divided into 50,000 ordinary shares (**Ordinary Shares**) of U.S.$1 each. The initial paid up capital was subscribed for by Mr. Hussain Ali Habib Sajwani, who at the time of the Guarantor's incorporation owned 50,000 Ordinary Shares of U.S.$1 each.

As at the date of this Offering Circular, the Guarantor's issued share capital is U.S.$1,083.0 million, consisting of 1,083 million Ordinary Shares, with a nominal value of U.S.$1 each.

*Listing on the London Stock Exchange plc (the **LSE**)*

In December 2013, Sahira Company Limited and Al Firdous Holding Limited (the Selling Shareholders) sold 30,950,059 global depositary receipts (**GDRs**), representing 92,850,177 Ordinary Shares in an initial public offering on the London Stock Exchange plc. Approximately 14.3 per cent. of the Ordinary Share capital of the Guarantor was sold in the IPO at a price of U.S.$12.25 per GDR.

On 3 December 2013, the Guarantor legally acquired Damac Properties Development Co. LLC, Damac General Trading LLC, Kings Valley Investment Co. LLC, Damac Tuscan Residences LLC and Damac Properties International Limited, Mauritius, together with 72 underlying subsidiaries.

Swap offer for GDRs and listing on Dubai Financial Market

On 26 September 2014, DAMAC Properties Dubai Co. PJSC (**Damac Properties**), a public joint stock company incorporated under the laws of the UAE in 1978 and registered in the Emirate of Dubai under commercial license number 30068, launched a swap offer to acquire GDRs of the Guarantor in exchange for its equity shares. Damac Properties equity shares were 100 per cent. held by Mr. Hussain Ali Habib Sajwani. Damac Properties launched a swap offer for all GDR holders to exchange their GDR in a fixed exchange ratio of 23.0769231 Damac shares for each GDR and Damac Properties equity were proposed to be listed on Dubai Financial Markets (**DFM**) on or before 26 February 2015.

On 10 January 2015, as at close of the swap offer, acceptances had been tendered (and not withdrawn) in respect of 96.8 per cent. of the GDRs, all the remaining shares were squeezed out and GDR were delisted from the LSE. Damac Properties equity shares were listed on DFM on 12 January 2015 after obtaining regulatory approvals from the UAE Securities and Commodities Authority for the admission of shares of Damac Properties to trading on the DFM.

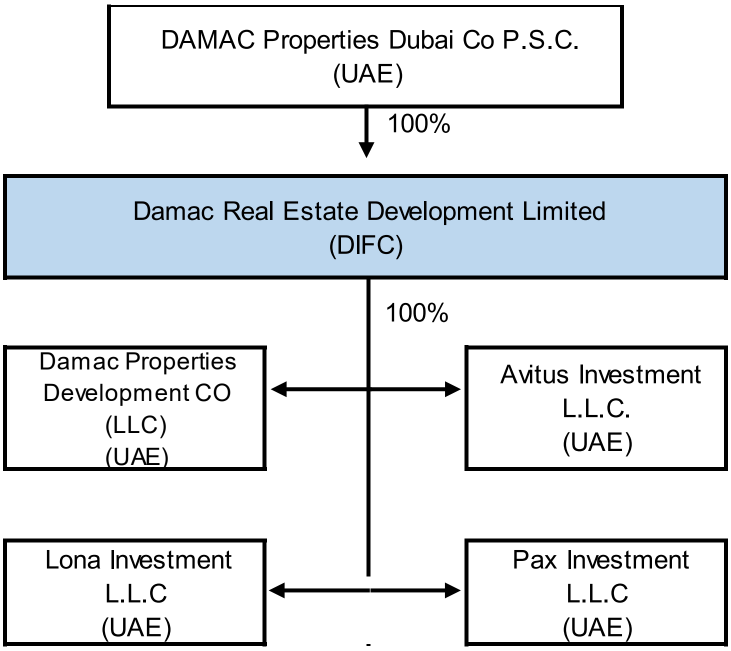
The Guarantor became a wholly-owned subsidiary of Damac Properties after successful completion of this swap offer and it continues to be a wholly-owned subsidiary of Damac Properties as at the date of this Offering Circular.

Reorganisation and delisting from Dubai Financial Market

See "*Operating and Financial Review – Trends and Factors Affecting Results of Operations – Reorganisation*" for information on the Reorganisation and delisting from Dubai Financial Market.

GROUP STRUCTURE

The table below shows the shareholder of the Group and the Guarantor's key subsidiaries as at 31 December 2022:



KEY STRENGTHS

The Group benefits from the following key strengths:

Regionally recognised brand and leading independent property developer in Dubai

The Group is one of the leading developers of high-end property in the Middle East with a strong track record in Dubai.

As at 31 December 2022, the Group had completed 43,755 units equating to over 53.6 million square feet of delivered area, with a total project value of U.S.$16.9 billion. As at 31 December 2022, the Group had sold units to over 8,000 customers from 140 different nationalities and had over 950,000 potential customers in its database (see "*The Group's Projects and Pipeline – Key operational and performance metrics for projects*").

In 2022, the Group delivered approximately 4,400 units across 5.2 million square feet of saleable area.

The Group has consistently delivered units in each year since 2009 (inclusive) to the end of 2022 including during the periods of economic downturn associated with the global financial crisis during 2009 to 2011 and COVID-19 pandemic during 2020 to 2021. The Group delivered 43,755 units up until 31 December 2022 since its inception, including approximately 3,250 units delivered during the global financial crisis period of 2009 to 2011 and over 10,000 units delivered during the COVID-19 period of 2020 to 2021.

The Group's reputation and track record of delivering projects despite the past economic downturns associated with the global financial crisis and the COVID-19 Pandemic, enables the Group to be seen as a credible counterparty in negotiations with regulators and Government-linked master developers in connection with planning permissions and land acquisitions.

The Group has sought to develop a brand that is associated with quality, luxury and trustworthiness, which allows the Group to charge premium prices in the high-end property market in Dubai and the Middle East. The Group believes that its strong reputation and regionally recognised brand is based on its track record of delivering on-budget, high quality, high-end developments, such as Damac Hills, Damac Hills 2, Damac Lagoons, Damac Towers by Paramount Hotels and Resorts Dubai and The Distinction, each in Dubai. The Group believes that its strong position and its strong brand translate into higher sales volumes and prices, which also enables the Group to achieve higher profit margins than many of its competitors typically achieve.

Strategically positioned to benefit from Dubai tourism, economy and real estate sector growth and development

The Group is one of the leading property developers in the Dubai market. More than one third of the world's population lives within a four-hour flight of Dubai and Dubai International Airport was the world's busiest based on the number of international passengers in 2022, having welcomed more than 66 million passengers, according to Dubai Airports.

Dubai's extensive hotel and shopping venues, together with its safe environment, pleasant climate and beaches, make Dubai a favoured tourist destination for visitors from much of the Middle East region and beyond. In 2022, the number of international visitors increased by 97.25 per cent. compared to 2021 according to Dubai's Department of Economy and Tourism. Dubai ranked second in the top ten tourist destinations by international tourist arrival in 2022, according to Euromonitor, a trend the Group expects to improve further in light of the removal of COVID-19 travel restrictions. Additionally, Expo 2020, which was held from October 2021 to March 2022, was a major contributor to Dubai's position as a tourism destination of choice, having welcomed more than 24 million visitors representing 178 countries according to Dubai's Department of Economy and Tourism.

Dubai's favourable tax regime (see "*Regulatory Information– UAE Taxation*"), stable social and political environment, high-quality digital government services, low crime rates and a flexible visa policy have resulted in Dubai becoming a city of choice for expats. Dubai ranked the second among the best cities for expats to live and work, according to 2022 InterNations Expats City Ranking. Dubai's population increased to 3,549,000 as at 31 December 2022, as compared to 3,478,300 as at 31 December 2021 and 3,411,200 as at 31 December 2020, according to Dubai Statistics Center. Dubai's population is expected to increase to 5.8 million by 2040, according to Dubai's Roads and Transport Authority.

Dubai has a well-diversified economy, with real estate and construction sectors combined contributing 15.2 per cent., 13.5 per cent. and 14.6 per cent. of Dubai's GDP at constant prices for the nine-month period ended 30 September 2022, and years ended 31 December 2021 and 31 December 2020, according to Dubai Statistics Center website.

The Government has expended and is expected to continue to expend, considerable resources to enhance and encourage the development of the real estate sector. The Group believes it is well positioned to continue to play a leading role in the further development of the Dubai real estate market, as its main strategy is the development of high-end property in prime locations, which is the main focus of Dubai's real estate market. The Government has recently approved the Dubai 2040 Master Plan which, among other initiatives, envisages improving Dubai's public transport infrastructure with the aim of ensuring that 55 per cent. of Dubai's population lives in close proximity of a reliable public transport network. See "*Regulatory Information- Strategy of Dubai - The Dubai 2040 Urban Master Plan*". The Group expects this initiative to further increase the appeal of its Master Community Projects. Another example of the Government's commitment to the real estate sector is a recently introduced golden visa program which offers a renewable residency visa for a period of up to 10 years for investors in real estate with a purchase value exceeding AED 2 million.

All of the above factors contribute to the view of Dubai as a safe haven for investors from countries and regions that are less politically stable or which have less economic growth potential. According to CBRE, average property prices, volume of property transactions and residential rates in Dubai increased by 9.5 per cent., 59.2 per cent. and 26.9 per cent., respectively, in the year ended 31 December 2022 as compared to the year ended 31 December 2021.

Proven business model with strong profit margin generation and attractive returns

The Group's gross profit margin for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 was 37 per cent, 27 per cent. and 23 per cent., respectively. A strong commitment to maximising profit margins and returns on equity shapes the Group's planning and decision-making processes. The Group believes it achieves higher profit margins and higher returns than many of its competitors through:

- ***aggressive project cost management***, with all aspects of development and construction being overseen and managed by the Group's in-house staff;

- ***land acquisitions in prime locations at competitive prices*** that are generally paid for upfront, or where it is financially more prudent to do so, paid for with short-term financing that is quickly repaid in advance of construction, which allows the Group to achieve higher gross profit margins;

- ***active capital management***, with most construction costs funded from pre-sales of units and with customer payments scheduled in instalments which roughly coincide with construction progress payments;

- ***speed of execution***, with most projects being designed, sold and built within two to four years of the design phase for a project being commenced, recycling the Group's capital efficiently for further investment; and

- ***sophisticated and proactive sales and marketing teams***, controlling the sales process to manage working capital while maximising selling prices, seeking out potential buyers in markets around the world and typically selling a majority of available units in each project prior to the completion of construction.

The Group's commitment to high returns is achieved in part by having a network of internal teams focusing on maximising efficiency at every stage of the design, development, construction and sales process. For example, internal teams of engineers and design professionals work closely with external architects to ensure that each building achieves the target levels of land-use efficiency. Building engineers and project managers work closely with contractors to ensure that maximum savings are achieved in construction costing and execution. The in-house customer relationship management team works closely with the design teams to ensure that the Group is delivering buildings that meet customers' expectations and to identify product enhancements (such as luxury co-branding opportunities) that increase the attractiveness of the Group's products. The Group considers that this highly engaged and proactive approach to cost control and value maximisation, its focused product positioning and its controlled approach to development and sales play important roles in allowing it to achieve high profit margins.

High quality development pipeline, land bank and ability to source new opportunities

The Group believes it has a high-quality, well-located pipeline of in-progress developments which will drive near-term growth. As at 31 December 2022, the Group had over 28,000 units comprising approximately 62.2 million square feet of saleable area in progress in Dubai, with scheduled completion dates ranging from 2023 to the end of 2028. Further details of the pipeline are set out under "*The Group's Projects and Pipeline*". In addition, as at 31 December 2022, the Group held 2.4 million square feet of saleable area of land that is awaiting development and is continuously seeking to acquire new land to replenish this land bank. This land bank of undeveloped land comprises approximately 1.4 further months of sales measured by analysing the total area sold by the Group in the year ended 31 December 2022. The Group also has inventory in completed and projects in progress which is equivalent to 21 months of sales based on total area sold by the Group in the year ended 31 December 2022.

The property market in Dubai is largely shaped by Government-linked master developers, which are wholly or partially Government-owned entities responsible for developing previously undeveloped land in Dubai (see "*Description of the Group–Operating Environment*" for further information on Government-linked master developers). If certain plots of land are not developed by such Government-linked master developers, the desirability of the entire lifestyle community decreases. Accordingly, there is some degree of interdependence between developers, such as the Group, and these Government-linked master developers. Given the Group's strong track record of delivery, the Group believes it is well positioned to obtain further land from these government-linked master developers. The Group's strong relationships with the Government-linked master developers in Dubai, as well as with RERA and other key regulators, banks, contractors and other key parties, has contributed to the Group's success.

The Group seeks to manage its inventory carefully throughout various phases of a project's development. The development and sales teams work together to ensure that units are released into the market for sale in such a way as to optimise sale prices in light of prevailing market conditions and, in particular, underlying demand for units and supply and pricing of competing units. The Group also seeks to manage its land bank efficiently so as to capitalise on demand and thereby maximise its financial returns. The Group's long term strategy is to maintain a land bank of four years such that, at any time, it has three to five years' worth of land in the pipeline which is being developed for delivery. By managing the level of its land bank in this way, the Group maintains flexibility to deploy capital for land acquisitions in response to its sales performance and general market conditions. As its profit on each project is released from escrow following construction, the Group generally applies such proceeds to fund new land acquisitions, which it then aims to develop promptly.

Co-branding with premium brands

In the course of the Group's continual adaptations of its product offering in response to customer preferences, it has identified co-branding with premium brands (such as FENDI Casa, Versace Home, de GRISOGONO, Cavalli, Just Cavalli, Paramount Hotels & Resorts and the Trump Organization) as an opportunity to increase customer interest and thereby volume of sales and pricing of its units, especially in the context of growing investor demand from emerging markets for co-branded products. These co-branding arrangements are another factor differentiating the Group's products from those of its competitors and have a positive effect on how the Group's own brand is perceived.

In-house design, sales, execution, service and hospitality capabilities

The Group believes that the key to its financial success is its ability to generate strong sales on units in a project from launch. This pre-sales model enables the Group to fund most construction costs from instalment payments on sales of units, which are timed, when possible, approximately to coincide with construction progress payments with a typical payment plan following a time-based and completion-based formula. Generally, 30 to 40 per cent. of the total payment is time-based (that is, the payment is made at a particular time, for example at the signing of the initial contract), and the remaining 50 to 60 per cent. of the total payment is progress-based (that is, the payment is made at a particular stage in development, for example, at the laying of foundations). As a result, customers are typically required to pay up to 10 per cent. of the purchase price on signing of the sale and purchase agreement and additional approximately 20 per cent. of the total purchase price within twelve months of signing the sales purchase agreement.

The Group's sophisticated sales and marketing teams are instrumental in achieving high sales figures. Its large-scale in-house sales team and its extensive network of multinational external brokers allow the Group to target customers in their home locations or by people familiar with the customers' culture and language. As at 31 December 2022, the Group's in-house sales team comprised over 540 full-time employees, which the Group believes to be one of the largest sales teams in the UAE. As at 31 December 2022, the Group's network of external brokers comprised over 10,000 broker contacts of around 100 different nationalities of which over 1,200 were active. The Group's internal marketing team is continually researching new markets for its properties and arranges road shows and exhibitions for its in-house sales teams and agents in selected international markets in which it does not have a sales office. During 2022, the Group conducted over 496 road shows in over 95 cities around the globe. The marketing team is particularly proactive in identifying potential markets that are most likely to contain a high number of potential customers and coordinating with the sales team a quick response to approaching those markets. In addition to the marketing team, a corporate communications team is responsible for all interactions with the media, releasing press reports and statements.

The Group has an in-house design team which adds value to projects by ensuring that designs are cost effective and engineered to achieve the optimum saleable area and thereby driving up returns. The design team also seeks to ensure that designs are flexible enough to allow for a change of use, for example, from residential to commercial (and vice versa) where market conditions are such that another use is more profitable than that originally envisaged.

The Group has an experienced project management team which focuses on controlling costs, monitoring contractors and proactively managing the procurement process to ensure projects are "packaged" in the optimum manner to keep costs under control whilst ensuring that quality is maintained.

Additionally, the Group has an in-house customer relationship management team, which focuses on providing the highest standards of customer care throughout the lifecycle of the customer relationship. The Group believes this approach to customer care enhances the Group's reputation as a trusted property developer and enables it to achieve high levels of customer satisfaction. Furthermore, the Group provides the facilities management for the owners' association in all of the projects it has completed to date. The Group's internal teams communicate with each other effectively and key findings relating to customers' design tastes and preferences are monitored by the Group's customer relationship management team and translated into changes to project design and construction.

The in-house acquisitions team continuously seeks to acquire zoned land in prime locations at attractive prices with a potential to deliver high gross profit margins

The Group has an in-house team providing owners' association and general facilities management services for the common areas of the Group's completed projects. This is a dedicated customer service provided by the Group after completion of a development and the handover of units to the purchasers. Group has launched high-end branded tower developments in prime locations in Dubai and continues to look at bringing unique products to the market to cater for a niche demand segment which is willing to pay premium for the luxury offering of the Group's co-branded projects. These co-branded high-end projects typically generate higher margin than other residential units of the Group.

Conservative financial policy

The Group pursues a conservative business model, whereby a significant part of construction costs of its projects is funded from pre-sales of units. As at 31 December 2022, 31 December 2021 and 31 December 2020, the Group's total borrowings (comprised of bank borrowings and sukuk certificates) amounted to U.S.$331.3 million, U.S.$724.7 million and U.S.$869.3 million, respectively.

As at 31 December 2022, the Group held a land bank comprising 2.4 million square feet of saleable area of land that it intends to develop, sell and build by the end of 2028 but for which the "Design" phase has not as yet commenced. Almost all of this land has been fully paid for, except for the land underlying Damac Lagoons and Damac Bay by Cavalli, which was acquired by the Group on a deferred payment basis. See "*The Group's Projects and Pipeline – Projects in Progress*" and "*The Group's Projects and Pipeline – Projects in Planning*".

The Group believes its conservative and flexible capital structure alongside management's agility enables the Group to respond quickly to changes in the economic cycle. The Group responded quickly to the Global Financial Crisis by: (i) adapting its pipeline by changing some of the units it had under construction from residential to commercial; (ii) stopping and/or delaying project construction of certain developments; and (iii) moving customers to more advanced projects thereby allowing the Group to consolidate the number of projects under construction in response to changing market conditions. The Group believes that it emerged from the downturn in the Dubai property market following the global financial crisis in a stronger position than most of its Dubai competitors. This was due to: (i) its low levels of leverage; (ii) its ability to consolidate projects by slowing some developments and moving customers to more advanced projects; (iii) its ability to renegotiate payment schedules with contractors; (iv) its ability to sell undeveloped land; and (v) its extensive and high quality in-house design team which was able to maximise saleable area efficiency of progressed projects under development, whilst retaining the appeal and attractiveness of such projects to meet high standards expected by the Group's customers. Consequently, the Group believes that it was able to deliver more units during the period from 2011 to 31 December 2017 than any of its competitors. Following the property downturn, the Group was also able to start construction on projects in Dubai that it had postponed during the global financial crisis more quickly than many of its competitors. Further, and in response to the lessons learned during the property downturn, the Group has taken additional steps to increase its flexibility in its contracts with customers and contractors.

The Group's conservative and flexible capital structure alongside the managements' agility also enabled the Group to withstand the adverse macroeconomic conditions in Dubai and decline in Dubai's real estate sector resulting from the COVID-19 Pandemic. For example, in response to the COVID-19 Pandemic, the Group shifted its focus on liquidity and cash management, reducing its overhead and suspending launch of new projects and allocating resources to sales of completed units in the Group's inventory. In addition, the Group focused on deleveraging, reducing the total borrowings (comprised of bank borrowings and sukuk certificates) from U.S.$869.3 million as at 31 December 2020 to U.S.$ 724.7 million as at 31 December 2021.

Flexible terms with contractual counterparties

When signing sales agreements with customers, the Group generally retains the right to move the customer into an equivalent or better unit, should that prove to be in the Group's interest, allowing it to consolidate its projects in response to changing market conditions. In addition, its construction contracts frequently give the Group flexibility to delay payments to contractors by up to 75-120 days. In the event of an unexpected tightening of liquidity, the Group believes that it would have access to bank credit and would seek to sell its existing inventory if required to complete projects.

Highly experienced management team and a committed shareholder

The Group is led by a management team of directors and senior managers with significant experience in the real estate construction industry, as well as in marketing, human resource management, company administration, corporate finance, legal and accounting. The senior management of the Group draws its knowledge and skills from both local and international experience and is supported by the Board of Directors of the Guarantor comprised of four members, three of which are independent directors.

Mr. Hussain Ali Habib Sajwani, the Chairman of the Board of Directors the Guarantor, founded the Group's business in 1992 in its predecessor form and has over 36 years of experience in management and is well connected in Dubai and the Middle East region. Mr. Hussain Ali Habib Sajwani controls all entities comprising the Group directly or indirectly through, the ownership of 100 per cent of the issued share capital of Damac Properties which in turn, directly owns 100 per cent of the issued share capital of the Guarantor (see "*Description of the Group – Group Structure*" for further information).

The success of the Group has also been shaped by a number of other key individuals with significant experience in the sector. The Group's Managing Director for Sales and Development, Ms. Amira Sajwani has almost 15 years of combined experience in the property sector, overseeing sales, agent relations, customer relationship management operations and performance and project handovers. The Group's Managing Director for Operations and Technology, Mr. Ali Hussain Sajwani, has over 15 years of experience in the property sector, overseeing customer relationship management development, handovers and collections, marketing, communications and information technology. The Group's Real Estate Development and Construction is led by Mr. Mohammed Tahaineh who has almost 25 years' experience in the UAE, working in the construction industry at executive management level, specialising in commercial and project management. The Group's Chief Finance Officer, Mr. Hitesh Dhoot, has over 23 years of experience in accounting and finance and has been employed with the Group since 2008. The Human Resources and Talent Acquisition team is led by Mr. Mavelitharayil Philip John who joined the Group in 2003 and has more than 30 years' experience in human resources. The Group's Senior Vice President for Legal and Risk Department, Mr. Joseph Berti, has more than 25 years of legal experience spanned across various organisations. The Group's Chief Information Officer, Mr. Francis Arul, has 27 years of experience in programming, quality assurance, program management, architecture and infrastructure.

STRATEGY

The Group's strategic goal is to deliver attractive returns as a leading developer of high-end residential properties across the Middle East. To achieve this strategic goal, the Group is focused especially on the following:

Executing its business model and delivering its existing pipeline of projects while securing land bank

The Group is focused on executing its proven property development business model of "Buy", "Design", "Sell" and "Build" (see "*The Group's Projects and Pipeline - Business Model*" for further information), supported by attention to detail, pursuit of value enhancing opportunities, proactive cash-flow management and customer care during each phase of the development life cycle, which is typically executed within three to four years from the start of the design process for any given parcel of land. To achieve this, the Group maintains an adequate land bank, continually seeking to source prime land in premium locations at attractive prices with a potential to deliver high gross profit margins and an average two times return on equity over four years. Given the Group's strong track record of delivery of projects, the Group believes it is well-positioned to obtain further land from Government-linked master developers in Dubai in the future. Its in-house team monitors key market factors to guide this land sourcing effort and it seeks to diversify its access channels to prime land, such as, for example, land underlying its Master Community Projects, where the Group is serving as a community developer for these iconic lifestyle communities.

As at 31 December 2022, the Group was developing over 28,000 units equating to approximately 62.2 million square feet of saleable area under development in Dubai. These projects are scheduled to be sold and built by the end of 2028 with approximately 3,500 units to be completed by the end of 2023. In addition, at 31 December 2022, the Group held a land bank comprising 2.4 million square feet of saleable area of land that it intends to develop, sell and build by the end of 2028 but on which development has not yet commenced. As at 31 December 2022. Almost all of this land has been fully paid for other than in the case of the land underlying Damac Lagoons and Damac Bay by Cavalli. See "*The Group's Projects and Pipeline – Projects in Progress*" *and* "*The Group's Projects and Pipeline – Projects in Planning*".

Maximising value by enhancing its product and services line and therefore enhancing and building on its brand

To maximise the potential value of its projects and achieve higher return, the Group intends to continue to offer development products that allow it to generate maximum returns, including by expanding its product offering. The Group has expanded and is focusing on the development of new high-end lifestyle communities with the development of the Master Community Projects. Damac Hills was the Group's first project as a community developer and represents approximately 13 per cent. of the Group's pipeline, whilst Damac Hills 2 and Damac Lagoons represent approximately 25 per cent. and 40 per cent. of the Group's pipeline, respectively, each by number of units, as at 31 December 2022. The developments offer premium branded mansions, villas, townhouses and apartments which have a higher percentage of saleable area to built up area, thereby increasing profit margins, and can be constructed with greater flexibility to adapt to customer demand than traditional high-rise apartment buildings.

In addition, and as a further example of its ability to adapt quickly to changing customer preferences and to capitalise on its strong brand, the Group plans to continue offering units that are co-branded with such names as FENDI Casa, Versace Home, de GRISOGONO, Cavalli, Just Cavalli, Paramount Hotels & Resorts and the Trump Organization. These associations with premium brands further differentiate the Group product offering from that of its competitors by stimulating customer interest, volume of sales and pricing of its units. These units typically achieve higher sale prices than similar non-branded apartments and villas allowing the Group to achieve higher margins. The Group believes that incorporating these add-on services and features into its projects allows it to increase the selling prices of its units and to maximise its profit margins and returns.

Develop and expand its investment property segment

The Group intends to develop and expand its investment property segment in Dubai, which involves the lease of retail, residential and commercial units. Whilst the investment property segment currently represents an insignificant part of the Group's business, the Group expects that this segment will contribute more significantly to the Group's in the future, in line with the Group's strategy to increase recurring revenues and to continue diversifying its revenue streams. The Group's intention is that the investment property business segment develops further and matures into a self-sustaining business unit from which the Group could realise value.

OPERATING ENVIRONMENT

In Dubai, the Group's developments are all located on land that the Government has designated as land which both UAE and non-UAE nationals can buy. The principal source of land for the Group in Dubai is Government-linked master developers. The standard operating model of Government-linked master developers in Dubai, including Emaar, Nakheel, Meraas and Dubai Properties (each as defined in "*The Group's Projects and Pipeline – Competitive Position*"), is to acquire land directly from the Government (including by way of government grant, transfer, or sales for nominal value), retain a portion of the land to develop their own projects, sell the remainder to property developers like the Group to develop individual projects and agree with RERA a development plan and arrange for electricity, water, wastewater management, roads and other necessary infrastructure. These Government-linked master developers typically sell land in private transactions to the relevant developer, although they also conduct land sales through public auctions. Accordingly, the Government and the Government-linked master developers control the supply and location of land that the Group requires for its developments. In order to fund themselves, master developers rely to some degree on selling plots of land to property developers such as the Group. If those plots of land are not then developed, the desirability of the lifestyle community decreases. Given the Group's strong track record of delivery of projects, the Group believes it is well positioned to obtain further land from these Government-linked master developers in the future. Please see the section entitled "*Risk Factors-Risks related to the Group's business-The success of the Group's business depends on its ability to locate and acquire land suitable for development at attractive prices*".

Other sources of land in Dubai for the Group's developments are private land owners and other property developers or private investors who have acquired land from master developers and decide to on-sell such land rather than to develop it themselves. In prime areas in Dubai where the Group seeks to develop land (including Dubai Marina, the Downtown Dubai area and Business Bay), a significant amount of such land is currently available from private landowners.

The regulatory regime for property development in Dubai has been designed to provide stability in the Dubai property market. For example, the proposed usage of a parcel of land in Dubai is established in detail before the parcel is put up for sale, and Dubai laws and regulations provide customers with certain protections, including requirements that proceeds from pre-sales are placed into escrow at a local bank and prohibitions on the pre-selling of residential units before certain conditions are met (such as there being no encumbrances on the land proposed to be developed). Please see "*Regulatory Information*" section of this Offering Circular.

In Dubai, as a result of the regulatory environment, customers pay instalments into an escrow account as required by law and funds are released to the contractor on completion of contractual construction milestones as certified by the project engineering consultant and the DLD approved escrow trustee engineer. Any project finance acquired by the Group is also paid into the escrow account. Amounts may be withdrawn in advance of such milestones for payment of project management expenses (including the costs of professional fees and utilities) up to a maximum of five per cent. of the approved construction cost and a further five per cent. of the sold value may be withdrawn for marketing expenses. Provided that RERA approval is obtained, cash may be withdrawn from the escrow account once 60 per cent. of the project (as certified by RERA) has been completed. See section "*The Group's Projects and Pipeline–Business Model- The "Buy" phase*" for further detail. The Group's standard sale and purchase agreement does not provide for unilateral withdrawal by the customer. In the event that the Group terminates a sale and purchase agreement as a result of the purchaser's default, the Group is typically entitled to retain up to 40 per cent. of the purchase price, which may be deducted from the amount received from the purchaser (provided that 60 per cent. of the construction has been completed). The trustee of the escrow account (typically the bank) is required to retain five per cent. of the amount received from purchasers for 12 months from the date of receipt of the completion certificate issued by the DLD to the developer. This five per cent. retention can be withdrawn by the developer prior to the expiry of the 12-month period only if a bank guarantee is provided for an equivalent amount.

The Group's credit control committee monitors the collection of payments of instalments from unit purchasers. The completion-based instalments are linked to development milestones such as completion of the foundational "enabling works", and the Group's finance committee issues payment demands in accordance with the terms of the relevant sale and purchase agreement. The Group reports customer payment defaults to the Group's finance committee and contacts the defaulting customer via client relationship contacts (including the sales and marketing office that made the sale).

If payment remains outstanding following the deadline specified in the relevant sale and purchase agreement, the Group sends the customer a formal warning letter requesting payment within a further time period and confirming that failure to pay will result in termination of the agreement and notifying the purchaser that the Group will charge interest on the outstanding amount (typically at a rate of two per cent. per month compounded quarterly on the default amount, calculated from the date of the initial formal notice to the date of payment).

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES OF THE GROUP

BOARD OF DIRECTORS OF THE GUARANTOR

The table below shows the current members of the board of directors of the Guarantor (the "**Board of Directors**").

Name	**Position**
Mr. Hussain Ali Habib Sajwani	Chairman
Mr. Sofyan Adnan Sami Khatib.......	Non-Executive Director
Mr. Farooq Mahmood Mohd Mahmood Arjomand..	Non-Executive Director
Mr. Subramanian Suryanarayan.......	Non-Executive Director

Save as set out under *"Risk Factors – Risks relating to the Group's business - The Guarantor is beneficially owned by a single person, whose interest would conflict with those of Certificateholders*" there are no potential conflicts of interest between the private interests and other duties of members of the Board of Directors and their duties to the Guarantor.

The business address of each of the members of the Board of Directors listed above is Damac Real Estate Development Limited, Unit 115, Level 1, Park Towers, Dubai International Financial Centre, PO Box 2195, Dubai, United Arab Emirates and his telephone number is +971 (4) 373 1000.

The expertise and experience of each of the members of the Board of Directors is set out below:

Mr. Hussain Ali Habib Sajwani – Founder and Chairman of the Board of Directors

Mr. Hussain Ali Habib Sajwani was elected as a member of the Board of Directors on 3 April 2023.

Mr. Hussain Ali Habib Sajwani founded the Group in 1992 in its predecessor form and served as the Group's Chairman from its establishment in its current form in 2002 to the Reorganisation. Mr. Hussain Ali Habib Sajwani received his Bachelor of Arts degree in Economics from the University of Washington in the United States. Mr. Hussain Ali Habib Sajwani started his career as a Contracts Manager in GASCO, a subsidiary of ADNOC (Abu Dhabi National Oil Company), before going on to establish his own catering business in 1982 which he still owns today. In the mid-90s, Mr. Sajwani privately built hotels to accommodate the influx of people coming to Dubai for business and trade. In 2002, he established DAMAC Properties which has grown to become one of the largest property development companies in the Middle East and further afield. A number of other ventures are associated with Mr. Sajwani including the Oman-based Al Anwar Ceramic Tiles Co SAOG, which was established in 1998 and is the first and only tile manufacturer in the nation. Mr. Hussain Ali Habib Sajwani first invested in this business and then helped to establish and build that company to its current size. Mr. Hussain Ali Habib Sajwani is currently chairman of Al Jazeira Services Co SAOG (which he established), Al Anwar Ceramics Co SAOG and Draieh Management Services Co (Damac) LLC. He has shareholding interests in Damac Kuwait Holding Company, Al Jazeira Services, Global Logistics Services Co. and Al Atilia Insurance Company.

Mr. Sofyan Adnan Sami Khatib – Non-Executive Director

Mr. Sofyan Adnan Sami Khatib was elected as a member of the Board of Directors on 3 April 2023.

Mr. Sofyan Adnan Sami Khatib also sits on the boards of a number of private and public companies in the MENA region, including Al Anwar Ceramics Tiles Company SAOG and Al Jazeira Services Co SAOG, and is also a chairman of SAK Investments Limited. In addition, Mr. Al Khatib held several managerial positions with catering companies in Saudi Arabia, where he was charged with the sales and marketing efforts, sales network expansion, achieving sales revenues targets and control of operations of regional projects.

Mr. Sofyan Adnan Sami Khatib has over 40 years of experience in the catering and hospitality industry in the Middle East. He graduated with a Bachelor's degree in Business Administration from the University of Jordan in 1980.

Mr. Farooq Mahmood Mohd Mahmood Arjomand – Non-Executive Director

Mr. Farooq Mahmood Mohd Mahmood Arjomand was elected as a member of the Board of Directors on 3 April 2023.

Mr. Farooq Mahmood Mohd Mahmood Arjomand started his career as a banker with HSBC in 1985 and gained experience in private banking, corporate finance, trade services and investment banking. He is also a founder of the Arjomand group companies, which is engaged in real estate, manufacturing, trading, financial activities and aviation in the GCC, Asia, Europe and the U.S. Mr. Farooq Mahmood Mohd Arjomand also sits on the board of Al Ahlia Insurance Company BSC, Bahrain.

Mr. Farooq Mahmood Mohd Mahmood Arjomand received his Bachelor of Business Administration (B.B.A) in Business Management from Seattle Pacific University in the United States in 1984

Mr. Subramanian Suryanaryan – Non-Executive Director

Mr. Subramanian Suryanaryan was elected as a member of the Board of Directors on 3 April 2023. Mr. Subramanian Suryanaryan is a chartered accountant from India with more than 25 years of experience in banking and finance in India, Singapore and the U.A.E. with leading international and regional banks. Mr. Subramanian Suryanaryan was a member of the IFRS Advisory Council, which provides support to the IASB and the Trustees to the IFRS Foundation. Mr. Subramanian Suryanaryan also held positions with the Ministry of Finance, the Accounting and Corporate Regulatory Authority in Singapore and has prior board experience with a number of listed and unlisted entities.

GOVERNANCE

The Board of Directors has two board level committees.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board of Directors in discharging its responsibilities relating to the composition of the Board of Directors, performance of the Board of Directors members, induction of new directors, appointment of committee members and succession planning for senior management. It is also responsible for evaluating the balance of skills, knowledge, diversity and experience on the Board of Directors, the size, structure and composition of the Board of Directors, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board of Directors on such matters. It prepares a description of the role and capabilities required for a particular appointment.

The Nomination and Remuneration Committee is comprised of three members, all of whom are independent non-executive directors. The Nomination and Remuneration Committee is chaired by Mr. Sofyan Adnan Sami Khatib.

Audit and Risk Committee

The Audit and Risk Committee assists the Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including monitoring the integrity of the Guarantor's financial statements, monitoring and reviewing the extent of the non-audit work undertaken by external auditors, advising on the appointment, re-appointment, removal, remuneration and terms of engagement of external auditors and reviewing the effectiveness of the Guarantor's internal audit activities, and internal controls. In addition, the Audit and Risk committee assists the Board of Directors in assessing all areas of corporate risks, conducting a detailed review of changes in risk profile, issues related to the functioning of the risk management framework, including sales, construction, debt financing, and mortgaging

The Audit and Risk Committee is comprised of three members, who are all independent non-executive directors. The Audit and Risk Committee is chaired Mr. Subramanian Suryanarayan.

GROUP SENIOR MANAGEMENT

The following table lists the names and positions of the senior managers of the Group. The senior management of the Group meets informally regularly during the working week to discuss matters relating to the Group and meets formally at least twice in a year and additionally as may be further required.

Name	Position
Ms. Amira Sajwani…………………	Managing Director for Sales and Development
Mr. Ali Hussain Sajwani……….	Managing Director for Operations and Technology
Mr. Mohammed Tahaineh…………..	General Manager for Projects
Mr. Hitesh Dhoot……………………	Group Chief Finance Officer
Mr. Mavelitharayil Philip John..........	Chief Human Capital Officer
Mr. Joseph Berti…………………….	Senior Vice President for Legal and Risk Department
Mr. Francis Arul…………………...	Chief Information Officer

There are no potential conflicts of interest between the private interests and other duties of the Group's senior managers and their duties to the Guarantor.

The business address of each of the Group's senior managers listed above is Damac Real Estate Development Limited, Unit 115, Level 1, Park Towers, Dubai International Financial Centre, PO Box 2195, Dubai, United Arab Emirates and his telephone number is +971 (4) 373 1000.

The management expertise and experience of each of the Group's senior managers is set out below:

Ms. Amira Sajwani – Managing Director for Sales and Development

Ms. Sajwani is the Managing Director for Sales and Development of Damac Properties. Ms. Sajwani's responsibilities day-to-day responsibilities include overseeing sales, agent relations, customer relationship management operations and performance and project handovers.

Ms. Sajwani oversees the development of the Group's properties to ensure product values are maximised. This involves various stages of the development process including design, construction, marketing and analytics.

Additionally, she oversees the operations of the Guarantor's network of direct and independent sales agents both locally and internationally, as well as the development of agent programmes and initiatives, which strengthens partnerships, and empowers agents with the tools they need to sell more effectively.

Ms. Sajwani is a graduate of University College London, where she majored in Project Management for Construction, and holds a Master's degree in Finance from the London School of Economics.

Mr. Ali Hussain Sajwani –Managing Director for Operations and Technology

Mr. Ali Hussain Sajwani serves as the Managing Director for Operations and Technology of the Guarantor. His day-to-day responsibilities as an Executive Director include overseeing the key functions that are critical to the Group's growth, expansion, and long-term strategy. These include customer relationship management development, handovers and collections, marketing, communications and information technology.

Mr. Ali Hussain Sajwani received his Bachelor of Arts degree in Economics from the Northeastern University in the United States.

Mr. Mohammed Tahaineh - General Manager for Real Estate Development and Construction

Mr. Mohammed Tahaineh has almost 25 years' experience in the UAE, working in the construction industry at executive management level, specialising in commercial and project management. An experienced leader with detailed knowledge and understanding of business opportunities evaluation, feasibility analysis, design development, commercial management (awarding contracts), construction management, cost control, contract administration, claims and quantity surveying management, leasing and facilities management of retail and residential properties, customer handover management and maintaining business relationships with international supply chain. Currently, Mr. Tahaineh serves as General Manager in Damac Properties and participates in the development and refinement of the organisation's overall vision and strategy, and contributes to the overall process of corporate management.

Mr. Hitesh Dhoot – Group Chief Finance Officer

Mr. Dhoot graduated with a Bachelor of Commerce (Honours) in Accounting and Finance in 1997. He qualified as a chartered accountant from The Institute of Chartered Accountants of India in 1999. He has over 23 years of experience in managing accounting and finance teams in various organisations in India and the UAE.

Mr. Dhoot joined the Group in 2008. His experience with the Group includes the management of the accounts and finance team, cash and liquidity management, banking relationship management for the Group, overseeing strategic projects including various financing and debt related bilateral and capital market transactions, investor relations. He is also responsible for driving companywide finance transformation project to make DAMAC ready for next leg of growth.

Mr. Mavelitharayil Philip John - Chief Human Capital Officer

Mr. John joined Damac Properties in 2003. With more than 30 years of experience, he is responsible for driving organisational success in talent acquisition and human resources, providing an employee-oriented, high performance driven work culture. He holds a Master's degree in Arts from Mahatma Gandhi University, India.

The HR and Talent Acquisition team is responsible for global recruitment, induction programmes for all staff, visa processing, performance management and administration.

Mr. Joseph Berti – Senior Vice President for Legal and Risk Department

Mr. Berti has more than 25 years of experience spanned across various organisations. He is the Senior Vice President, Legal of the Damac Group since November 2021. Previously, from January 2021 to October 2021, he was a Chief Legal Officer of Emaar. From 2004 to 2020, Mr. Berti worked at the Global 500 technology company Schlumberger in various senior level positions, including Production Group General Counsel. During the period from 2002 to 2004, he worked as a Legal Counsel at Alshaya Group, one of the largest brand franchise company globally. Mr. Berti graduated from the University of Paris I: Panthéon-Sorbonne with a Master's degree in Business Law.

Mr. Francis Arul – Chief Information Officer

Mr. Arul has 27 years of experience in programming, quality assurance, program management, architecture and infrastructure. Prior to joining the Guarantor, Mr. Arul served as digital transformation officer with with Al Shaya Group and worked for Louis Vuitton, SGCIB, ABN Amro and General Motors.

Mr. Arul holds an EMBA in Business Administration from ESSEC Business School and an EMBA in Executive Management from University of Mannheim.

EMPLOYEES

The table below sets out the number of the Group's employees as at 31 December for the last three years.

Year	**Number of Employees**
2020	974
2021	1,585
2022	2,034

As at 31 December 2022, the Group had 2,034 employees. In order to support the renewed growth in the Group's operations, the Group intends to hire more employees and in particular to employ staff with local knowledge and experience in new countries to complement the capabilities of existing staff.

The Group has also instituted a range of employee benefits such as providing UAE law required mandatory health insurance, various allowances and bonuses to its local UAE employees.

The Group recognises the importance of the calibre and the motivation of its employees. A performance management system has been implemented where the Group's objectives are translated into measurable departmental and individual objectives that are monitored regularly and appraised bi-annually. These key performance indicators assist management in awarding bonuses and rewards.

The Group also implemented a development plan for its staff through quality training and establishing and maintaining standards of professional conduct. Development of employees is carried out primarily through in-house training but when specialist training needs are identified, they are catered for through appropriate external resources. Individual employee training requests are managed carefully to align the goals of employees with those of the Group.

As far as the Group is aware, none of the Group's employees belongs to any form of trade union and no industrial action has taken place to date.

REMUNERATION OF DIRECTORS AND MANAGEMENT

The aggregate amount of remuneration accrued in respect of the payments to the directors and key management personnel and payable by the Guarantor in respect of the year ended 31 December 2022 did not exceed U.S.$63.2 million. Remuneration of directors and management for the year ended 31 December 2022 was comprised of compensation in all the capacities in which the directors and management serve or are employed by the Group, including amounts in respect of discretionary bonus, pension contributions and other similar benefits payable by the Guarantor to the directors and management.

THE GROUP'S PROJECTS AND PIPELINE

As at 31 December 2022, the Group had a track record of 43,755 completed units (of which 40,897 units are located in Dubai and 2,858 units are located outside Dubai) equating to approximately 53.6 million square feet of saleable area. As at 31 December 2022, the Group had approximately 28,000 units in progress equating to over 62.2 million square feet of saleable area, with scheduled completion dates ranging from 2023 to the end of 2028.

The table below shows the number of completed, in progress and planned projects in each of the locations in which the Group operates, as at 31 December 2022.

Locations	Completed Units	Units in progress	Planned Units	Total Units	Completed saleable area ('000 square feet)	Saleable area in progress ('000 square feet)	Planned saleable area ('000 square feet)	Total saleable area ('000 square feet)
Dubai	40,897	28,116	2,508	71,521	50,005	62,241	2,414	114,659
Abu Dhabi	721	-	-	721	764	-	-	764
KSA	760	-	-	760	1,097	-	-	1,097
Qatar	791	-	-	791	843	-	-	843
Lebanon	188	-	-	188	339	-	-	339
Jordan	398	-	-	398	518	-	-	518
Total	**43,755**	**28,116**	**2,508**	**74,379**	**53,566**	**62,241**	**2,414**	**118,220**

Key operational and performance metrics for projects

The Group uses the following operating and performance metrics in evaluating its individual projects:

- **saleable area** is, for residential units, the aggregate surface area of all units for sale in a given project and, for commercial units, the aggregate surface area of all units for sale plus a proportionate share of the common area on a given floor;
- **built up area** (**BUA**) is the aggregate of saleable area and built-up common areas (including parking, mechanical areas, reception and health and recreational facilities);
- **gross floor area** (**GFA**) is all liveable and recreational areas, consisting of BUA minus parking and mechanical areas and open terraces;
- **sales** are the aggregate value of units sold where the purchaser has made a down payment of at least 20 per cent. and not sought to cancel the purchase;
- **inventory** includes both units that are available for sale but not yet sold and units that are sold but not classified as sales (e.g. units where the owner is delinquent or has sought to cancel the purchase);
- **inventory value** is the aggregate value of the inventory at a sales price based on a weighted average per square foot of prices achieved on sales;
- **project cost** is the aggregate of the costs for land acquisition, development and construction;
- **project value** is the sum of booked sales and inventory value;
- **project gross profit** is the project value minus land acquisition, development and construction costs; and
- **project gross profit margin** is the ratio of project gross profit to project value.

These various metrics are not measures recognised by IFRS. In particular, sales, inventory value, project value, project costs, project gross profit and project gross profit margin are not calculated in accordance with IFRS and may not tie to the Financial Statements contained in this Offering Circular. As these are not standardised measures, they may not be directly comparable to similar measures that are published by other companies.

Completed projects

Since its inception in 2002 to 31 December 2022, the Group completed an aggregate of 43,755 units (of which 40,897 are located in Dubai and 2,858 units are located outside Dubai) equating to approximately 53.6 million square feet of saleable area, and with a total project value ("*The Group's Projects and Pipeline - Key operational and performance metrics for projects*"*)* of approximately U.S.$17.1 billion. To date, the Group's projects have consisted of high-end mixed-use community and mixed-use tower developments with a focus on residential developments.

Projects in progress

A project becomes a 'project in progress' at launch. As at 31 December 2022, the Group had over 28,000 units on over 62.2 million square feet of saleable area under development, with a total project value (see "*The Group's Projects and Pipeline - Key operational and performance metrics for projects*") of approximately U.S.$16.9 billion. Construction costs for a project account, on average, for approximately 35 per cent. to 40 per cent. of project value. As at 31 December 2022, of the over 28,000 units, almost all of the constructions costs relating to such units were fully funded from pre-sales of such units and/or Group funds.

The table below sets out key information about the Group's projects in progress as at 31 December 2022, ordered by total project value.

Projects	**Expected Completion**	**Total number of units**	**Total Saleable Area ('000 square feet)**	**Total Project Value (U.S.$ million)***
Damac Hills	2023-2028	3,793~	8,959~	2,594~
Damac Hills 2	2023-2028	7,010~	11,038~	1,819~
Damac Lagoons**	2024-2028	11,319~	36,367~	8,461~
Zada Tower	2023	703~	336~	142~
Aykon City	2023	1,236~	829~	431~
Aykon City 2	2023	996~	723~	364~
Aykon City 3	2026	1,304~	1,322~	921~
Damac City	2025	499~	741~	525~
Cavalli Casa Tower	2025	439~	843~	730~
Elegance Tower	2026	296~	283~	195~
Cavalli Couture	2025	70~	424~	500~
Chic Tower	2025	451~	376~	214~
Total		**28,116~**	**62,241~**	**16,896~**

~ denotes approximate figures.

** See "The Group's Projects and Pipeline - Key operational and performance metrics for projects" for an explanation of the project value metric.*

*** The land underlying Damac Lagoons was acquired by the Group on a deferred payment basis. The overall community plot is reserved for the Group pursuant to a preliminary sale and purchase agreement registered with the DLD. However, for the purposes of payment of the purchase price, the overall community plot is divided into seven parcels. When an instalment is due and payable under the preliminary sale and purchase agreement, the Group requests the subdivision of the overall community plot and obtains the legal title to the relevant parcel upon payment of the purchase price. As at 31 December 2022, approximately 20 per cent. of the overall community plot remained to be paid for by 2027 an outstanding purchase price of U.S. $92.9 million. The table total saleable area and total number of units shown in the table* *above have been calculated on the basis of the overall community plot and therefore include those parcels which the Group had not obtained legal title to as at 31 December 2022.*

Projects in planning

In addition to projects already in progress, as at 31 December 2022, the Group is in the planning stage for projects representing approximately 2.4 million square feet of saleable area with targeted completion by 2028. These projects are located in Dubai and have a total project value (see "*The Group's Projects and Pipeline - Key operational and performance metrics for projects*") of approximately U.S.$1.6 billion.

Particular	Planned Number of Units*	Total GFA ('000 square feet)*	Planned Saleable area ('000 square feet)*	Total Project Value U.S.$ million*
Dubai	2,508~	2,721~	2,414~	1,580~
Total	**2,508~**	**2,721~**	**2,414~**	**1,580~**

~ denotes approximate figures

**The land plot underlying Damac Bay by Cavalli was acquired by the Group on a deferred payment basis. The plot is reserved for the Group pursuant to a preliminary sale and purchase agreement registered with the DLD. The Group will obtain legal title to the plot following payment of the full purchase price for the plot which is due in 2027. As at 31 December 2022, U.S.$166.8 million remained to be paid for the land plot underlying Damac Bay by Cavalli. The total GFA, planned saleable area and the total project value shown in the table above have been calculated on the basis of the overall land plot to which the Group had not obtained legal title as at 31 December 2022.*

Overview of key projects

Completed projects:

Certain key recently completed projects include:

DAMAC Paramount Tower Hotel and Residences

The Damac Paramount Tower Hotels and Residences was developed in collaboration with Paramount Hotels & Resorts. This project offers a selection of high-end hotel rooms on floors 15 to 25 inspired by the Hollywood studio and high-end residences on floors 26 to 63 comprising studio, one-, two- and three-bedroom luxury branded apartments.

Damac Paramount Tower Hotels and Residences includes exclusive access to a rooftop infinity pool with panoramic view of Dubai skyline, on-site parking, numerous health facilities and high-end restaurants.

The project was completed in 2022 with a total saleable area of 808,014 square feet and a project value of approximately U.S.$393 million.

Reva Residences and Reva Heights

Reva Residences is a 30-storey tower located in Business Bay offering a selection of one- and two-bedroom apartments.

Reva Heights is a collection of high-end apartments on the top floors of the Reva Residences project with spectacular high-rise views and exceptional interiors.

The project was completed in 2022 with a total saleable area of 344,651 square feet and a project value of approximately U.S.$159 million.

Vera Residences

Vera Residences is located in Business Bay in close proximity to Dubai Downtown district and overlooks the Dubai Canal. This 30-storey tower features studios, one- and two-bedroom apartments, gymnasium, temperature-controlled swimming pool, kids club and covered parking.

The project was completed in 2022 with a total saleable area of 347,529 square feet and a project value of approximately U.S.$146 million.

Projects in progress:

Certain key projects in progress include:

Damac Lagoons

Damac Lagoons is the Group's third and latest master community development project and builds on the success of Damac Hills and Damac Hills 2 projects. See "*Damac Hills*" and "*Damac Hills 2*" below. Damac Lagoons was launched on 21 November 2022. Damac Lagoons is expected to be a 49 million square feet high-end lifestyle community development adjacent to Damac Hills on Hessa Street, Dubai.

Damac Lagoons was designed to showcase high-end contemporary living inspired by water, with features that include a floating cinema, interactive exhibits, infinity pools, a water park, a wave simulator, snorkelling, kayaking, wall climbing, zip-lining, a skate park, a retail promenade and world-class dining options.

Damac Lagoons is scheduled to complete in multiple stages between 2024 and 2028.

As at 31 December 2022, the Group had sold over 6,000 of approximately 11,000 units for approximately U.S.$4.2 billion. Damac Lagoons was acquired on a deferred payment basis. See "*The Group's Projects and Pipeline – Projects in Progress*" above. As at 31 December 2022, Damac Lagoons represented approximately 40 per cent. of the Group's pipeline by number of units. Given the significance of the Damac Lagoons development to the Group's pipeline, any delay, suspension or change in scope of Damac Lagoons may have a material adverse impact on the Group's business (see "*Risk Factors–Risks relating to the Guarantor and the Group*" for further information).

Damac Hills 2

On 27 July 2014 the Group acquired 55 million square feet of land in Dubai, through its subsidiary Front Line Investment Management Co. LLC, at an acquisition cost of U.S.$513 million. In line with its long-term strategy, the Group acquired this land for the purposes of replenishing its land bank and to provide for a consistent pipeline of future sales inventory.

Damac Hills 2 (previously known as Akoya Oxygen) is the Group's second master community development project and builds on the successful Damac Hills project. See "*Damac Hills*" below. Damac Hills 2 is estimated to have over 17,000 units with approximately 30 million square feet of saleable area and estimated value of approximately U.S.$5.6 billion when fully developed.

Damac Hills 2 was launched in phases encompassing the development of small clusters. As at 31 December 2022, the Guarantor had delivered over 10,000 units in more than 25 clusters. The clusters currently in progress and future project phases are scheduled to be completed in multiple stages between 2023 and 2028. As at 31 December 2022, the Group had sold over 10,000 units in Damac Hills 2 for over U.S.$3.8 billion.

For the years ended 31 December 2022, 31 December 2021 and 31 December 2020, Damac Hills 2 generated revenue of approximately U.S.$90 million, U.S.$135 million and U.S.$463 million, respectively, constituting approximately 11 per cent., 17 per cent. and 36 per cent. of the Group's revenue for the years ended 31 December

2022, 31 December 2021 and 31 December 2020, respectively. As at 31 December 2022, Damac Hills 2 represented approximately 25 per cent. of the Group's pipeline by number of units. Given the significance of the Damac Hills 2 development to the Group's pipeline any delay, suspension or change in scope of Damac Hills 2 may have a material adverse impact on the Group's business (see "*Risk Factors–Risks relating to the Guarantor and the Group*" for further information).

Damac Hills

Damac Hills (previously known as Akoya by Damac) was the Group's first master community development project. Damac Hills is a high-end lifestyle villa and apartment community development located within 30 minutes of the centre of Dubai, off Umm Suqeim Road. This is a 42 million square feet high-end lifestyle community development and is one of the most luxurious golf community in Dubai, offering premium branded mansions, villas, townhouses and apartments. Damac Hills was designed as a gated, green community of single-family mansions and villas surrounding a golf course owned by the Group. Prominent features of its design include:

- the 18-hole PGA Championship Golf course together with a driving range and a 12-hole golf academy and a Trump International Golf Club, designed by Gil Hanse in collaboration with the Trump Organization. This has been operational since 2017.
- the majority of the residents of the development have access to views of the golf club greenery;
- single-family mansions of two storeys facing the golf course;
- townhouses;
- high-end high and mid-rise apartment tower with most of the units facing the golf course;
- international schools from pre-school to secondary school; and
- a range of restaurants, supermarkets and other shopping and entertainment outlets.

Damac Hills was designed to contain a total saleable area of approximately 19.6 million square feet with an expected project value of approximately U.S.$6.1 billion. Due to Damac Hills offering luxury branded mansions, villas, townhouses and apartments which have a higher percentage of saleable area to built-up area Damac Hills has higher profit margins than traditional high-rise apartments and can be constructed with greater flexibility to adapt to customer demand than traditional high-rise apartment buildings.

Damac Hills was launched in phases encompassing the development of various small clusters. As at 31 December 2022, Damac had delivered approximately 7,700 units over 35 clusters in this development. The clusters currently in progress and future project phases are scheduled to complete in multiple stages between 2023 and 2028. As at 31 December 2022, the Group had sold over 8,600 units in Damac Hills for over U.S.$4.2 billion.

For the years ended 31 December 2022, 31 December 2021 and 31 December 2020, Damac Hills generated revenue of approximately U.S.$327 million, U.S.$236 million and U.S.$233 million, respectively, constituting 40 per cent., 29 per cent. and 18 per cent. of total revenues of the Group for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively. As at 31 December 2022, Damac Hills represented approximately 13 per cent. of the Group's pipeline by number of units. Given the significance of the Damac Hills development to the Group's pipeline any delay, suspension or change in scope of Damac Hills may have a material adverse impact on the Group's business (see "*Risk Factors–Risks relating to the Guarantor and the Group*" for further information).

Cavalli Casa Tower

Cavalli Casa Tower is being developed in collaboration with Cavalli, an Italian luxury brand. Cavalli Casa Tower is located in Al Sufouh overlooking the Palm Jumeirah Dubai, in close proximity to Dubai Marina. This 70-storey tower features one-, two-, three-, four- and five- bedroom Cavalli-branded apartments, a state of the art gymnasium, spa and wellness areas, dining outlets, beach pool and covered parking.

The project is expected to be completed in 2025 with a total saleable area of 843,010 square feet and a project value of approximately U.S.$730 million.

Damac City

Damac City (also known as Safa One de Grisogono for marketing purposes) is a high-end two tower apartment project overlooking Safa Park in Dubai. This project is being designed in collaboration with de Grisogono, a Swiss luxury jewellery brand. This 45-storey project will feature one-, two-, three-, four- and five- bedroom de Grisogono branded apartments, spas, fully equipped gym, exclusive club house, cafes and restaurants.

The project is expected to be completed in 2025 with a total saleable area of 741,434 square feet and a project value of approximately U.S.$525 million.

Aykon City 3

Aykon City 3 (also known as Safa Two de Grisogono for marketing purposes) is a sequel of Safa One de Grisogono featuring high-end branded apartments developed in collaboration with de Grisogono. This 83-storey project will feature studio one-, two-, three-, four- and five-bedroom de Grisogono branded apartments, sapphire infinity pool, fog forest, observatory, spas, fully equipped gym and high-end restaurants.

Safa Two sits across the road from Safa One, and together, the two developments are poised to form an elegant archway, marking the passage between central Dubai and its newer areas. Safa Two was designed to offer residents stunning views of Dubai Canal, Burj Al Arab, The World Islands and the Palm Jumeirah.

The project is expected to be completed in 2026 with a total saleable area of 1,322,286 square feet and a project value of approximately U.S.$921 million.

Elegance Tower

Elegance Tower by Damac is was co-designed by the international fashion desginer Zuhair Murad. This 25-storey project, which is located in Burj Dubai in close proximity to Burj Khalifa and Dubai Mall, features exclusive one- and two-bedroom apartments.

The project is expected to be completed in 2026 with a total saleable area of 282,593 square feet and a project value of approximately U.S.$195 million.

Aykon City 1 & 2

Aykon City 1 & 2 is a two-tower high-end apartment project comprised of 64- and 60- storey towers on Sheikh Zayed Road. These towers offer over 2,200 units with a mix of studio, one-, two- and three-bedroom apartments.

The project is expected to be completed in 2023 with a total saleable area of 1,552,937 square feet and a project value of approximately U.S.$795 million.

BUSINESS MODEL

The Group's business model to date has been largely a phased strategy of "Buy", "Design", "Sell" and "Build" for its lifestyle communities and tower developments. Every phase of the development cycle is supported by attention to detail, value creation, proactive cash-flow management and customer care. For its currently limited investment property business comprising of leasing of few residential units and holding such assets for capital appreciation purposes, the Group adopts a phased strategy of "Buy", "Design", "Build" and "Lease". In response to customer demands and changing market conditions, the Group's portfolio has a limited number of projects that incorporate an element of on-going add-on services or management fees into the model, which helps in maximise its return on equity. These include, amongst others, serviced apartments in its Damac Maison Mall Street (previously known as Damac Signature project), Damac Maison Canal View (previously known as Water's Edge project), Damac Maison Distinction (previously known as The Distinction project), Damac Maison Cour Jardin (previously known as Damac Cosmopolitan project), Damac Towers by Paramount and Paramount Tower Hotel & Residences developments, hotel rooms in its Paramount developments, and the on-going ownership of golf course in its Damac Hills master community project. Other than in the case of these projects, the Group anticipates that majority of its developments will continue to follow its existing business model or, for example, with regards to the provision of services to its branded serviced apartments and hotels (which will be comparable to those provided by luxury hotels), be complementary to it. This, however, is subject to demands by the market in general and the Group's strategy to adapt to the changing preferences of its customers.

Each phase of the Group's business model relating to "Buy", "Design", "Sell" and "Build" and where applicable "Lease" is set out below in more detail.

The Buy phase

In this phase, the Group actively seeks to purchase land in prime locations. This is critically important to the Group because a property in a prime location typically commands a price premium of 15 to 25 per cent. The Group is also well placed, as a result of its industry experience, to purchase land in developments from other master developers and private investors who own land that they do not wish to develop.

The Group's development team comprises a number of individual teams. When selecting land, the development team considers a number of factors, including the location of the land, whether it has scenic views, its proximity to amenities, the infrastructure availability and its potential for capital appreciation. As the Group does not buy any non-zoned land, the development team also takes into account the specific usage and limits on the GFA of a land plot in its decision-making process. In addition to the characteristics described above, the development team considers the Group's present land bank and finished inventory, results of feasibility studies, payment terms and the relevant Government-linked master developer's development guidelines (which determine the type of development the Group is able to build).

Although the specifics may vary from project to project, the steps involved in land procurement include:

- identification of the land opportunities;
- evaluation of the land opportunities;
- validation of development and commercial prospects;
- bidding process, if any;
- negotiation and purchase of the land;
- contract negotiation and affection plan;
- execution of the requisite sale and purchase agreements; and
- payment to the Government-linked master developer or other seller.

The terms of the plot sale and purchase agreements (**PSPAs**) can vary depending on the applicable development and the seller, and generally specify that the Group's payment for the land is made either in instalments or in a lump sum. In Dubai, once the Group has completed the payment for the land, and all other obligations required by the terms of the PSPA have been satisfied, including the receipt of approvals from the relevant authorities, title to the land can be passed to the Group. In Dubai, typically title is evidenced by an affection plan which is issued by the Government-linked master developer in the Group's name and which will also show the interests acquired by the Group on completion of the development. Receipt of the affection plan gives the Group the right to register title at the DLD. See also "*Regulatory Information*" for more detail on regulation of the Dubai real estate sector.

With the exception of land sourcing related to master developments such as for the Master Community Projects (which can each take up to six months), most land sourcing in Dubai takes on average 30 to 60 days.

The Design phase

Once the Group has secured development rights and contracted to purchase land for a particular development, the design phase begins. This does not commence until the Government-linked master developer has delivered the plot to the Group ready for construction. This will determine the layout of the plot and the utilities and infrastructure that will be provided for the plot by the Government-linked master developer. The objective of the "Design" phase is to create a development design that increases value, represents the Group's brand and optimises the commercial viability of the development. Together with land in prime locations and successful marketing strategies, the design of iconic buildings is a key driver of the success of the Group's business and, the Group believes, one of the factors that allows it to price its developments at a premium.

This phase begins with an invitation to selected internationally renowned design consultants and architects to prepare a design for the development. Typically, this is organised as a competitive process to generate what the Group's project team considers to be the most appropriate design for the development, focusing on ease of construction, marketability, cost effectiveness, efficiency, flexibility and uniqueness. It is current market practice in Dubai for property developers to pay design consultants a fee for their preliminary designs regardless of whether they are ultimately selected. The Group has established a Design Committee, reporting to the senior management, which is responsible for evaluating and, ultimately, selecting the design from those submitted by the tendering design firms. The Design Committee oversees the design and layout of the Group's developments and may alter a selected design according to the demand for particular apartment sizes (for example, by altering the combination of one, two, three or more-bedroom apartments according to demand identified in the "Sell" phase of the Group's business model).

The key objective for the Group in the "Design" phase is to create a design that provides:

- ease of implementation from concept to realisation;
- compliance with the applicable development guidelines;
- flexibility to allow adaptation to changes in market trends or customer preferences;
- optimal efficiency of the building (including maximisation of the saleable area);
- overall external aesthetics of the development (in line with other Group developments);
- appropriate specifications within each unit (selecting high quality paint finishes, tiling, white ware,
- kitchen appliances, and bathroom fittings); and
- cost effectiveness.

In Dubai, the Government-linked master developers and the Dubai Municipality are also legally required to approve the design prior to launch of the development. See "*Regulatory Information*" section for further information on the regulation of the Dubai real estate sector.

The average time from the commencement of the detailed design phase of a project to launch is five to six months.

The Group's developments have been time to time recognised for their iconic designs. Amongst the awards the Group received in 2022 and 2021 are the following:

2022

- LOAMS- Real Estate Community Management Summit (IRECMS)- Happiest Residential Community;
- LOAMS- Real Estate Community Management Summit (IRECMS)- Best Crisis Management;
- Ali Sajwani, Managing Director at DAMAC – Family Business Council Gulf – Next Generation Award;
- DAMAC Properties - Construction Week Middle East- Top 50 developers of the GCC;
- Hussain Sajwani – Construction Week Middle East – Power 100 List;
- Paramount Hotel Dubai- Hotel and Catering News Middle East – Best Off Beat Night Venue for - Flashback Speakeasy;
- Paramount Hotel Dubai- Hotel and Catering News Middle East – Best Night Life Awards 2022 - Flashback Speakeasy;
- Hussain Sajwani- Arabian Business- Most Influential Arabs 2022;
- LOAMS- Dubai Land Department- Outstanding initiatives in managing its communities and buildings;
- Hussain Sajwani - CEO Middle East- Best Leaders list; and
- Trump International Golf Club in DAMAC Hills – Time Out - Best golf courses in Dubai.

2021

- LOAMS-(IRECMS)-Best Crisis Management Initiative;
- Hussain Sajwani – Gulf Business Awards- Real Estate Business Leader of The Year;
- DAMAC Living App - GEC Awards 2021 - Best transformative project in real estate for its one-stop-shop community app implementation;
- DAMAC Living APP- CXO Insight - Best transformative project in real estate for its one-stop-shop community app implementation;
- DAMAC Properties- Linkedin - Best Acquisition Team UAE Finalist;
- Trump International Golf Club - 2021 Travelers' Choice award winner - Golfing Experiences;
- Hussain Sajwani – Forbes- World's Billionaires List of 2021; and
- Paramount Hotel Dubai - Leaders in Hospitality Awards 2021 UAE- Lobby of the Year.

The Sell phase

Once the Group has paid in full for the land to be developed and provided for funding of 20 per cent. of the construction cost of a project to the full satisfaction of RERA, received all necessary design and planning approvals from the Government-linked master developers, local authorities and RERA and all relevant consents to commence off-plan sales, the "Sell" phase commences. In this phase, the Group contracts to sell a certain proportion of the units in the development to customers "off-plan" in managed stages following the launch of the new development to the public. The Group's in-house marketing department handles most of the international and domestic launch logistics (including media relations, creation of brochures and other marketing materials and advertising). Typically, the Group does not release the entire available inventory of units in a development at launch. This is part of the Group's inventory release management strategy whereby the Group sells remaining units to the market in several phases, in response to and in anticipation of demand, which allows it to maximise pricing and thereby its profit margins.

The Group's key objectives in the "Sell" phase are to achieve:

- optimum price realisation and velocity of sales;
- minimal defaults in advance and instalment payments;
- customer satisfaction;
- successfully timed launch and marketing promotions; and
- a healthy fund flow.

The Group seeks to differentiate itself from its competitors by deploying innovative sales and marketing strategies at this phase. For example, the Group provides potential customers with "3D walkthroughs" and model apartments in order to give them tangible and "living experiences" of the Group's properties. From the first expression of interest from a potential customer, the Group implements its customer relationship management. The Group has many sales offices in Dubai to accommodate its direct sales staff and works with various domestic and international brokers and agents to sell its properties in Dubai. The Group also undertakes extensive and frequent road shows in various countries across the globe.

As at 31 December 2022, the Group had over 540 sales representatives employed full-time as at across sales offices in Dubai and had a further 10,000 broker contacts of which over 1,200 were active as at 31 December 2022 and which are of approximately 100 different nationalities and spread over 107 countries. The Group pays broker commissions based on sales volume. It has also established the "Agents Relationship Department" to manage the relationship between the Group's sales offices and the agents by providing the necessary support, guidance and incentives to enhance agent performance. Although external sales agents are involved in the sales and marketing of the developments, a member of the Group's internal sales force will always be responsible for the closing of each "external" sale. This is important to ensure that, internally, The Group's team of brokers are knowledgeable about the details of the property and the sale, as well as accountable to the customer for the quality of the final product.

The Group believes that its recognised brand, as well as the Group's partnerships with other luxury brands, such as Versace Home, de GRISOGONO, Cavalli, Just Cavalli, FENDI Casa, Paramount Hotels & Resorts and the Trump Organisation to promote sales and drive increased profit margins, as well as provide a global marketing platform. As those partnerships are exclusive to the Group in specific cities, the Group will be the only developer permitted to market projects internationally in conjunction with those brands in those cities.

As there is a strong demand for serviced apartments and hotels in Dubai and in other Middle East markets, the Group has expanded its product offering to include services comparable to those provided by luxury hotels to certain of its projects, such as the Paramount Tower Hotel & Residences, Damac Towers by Paramount, Damac

Maison Mall Street (previously known as Damac Signature project), Damac Maison Canal View (previously known as Water's Edge project), Damac Maison Distinction (previously known as The Distinction project), Damac Maison Cour Jardin (previously known as Damac Cosmopolitan project). The services are provided by "Damac Maison" with the services that the Group offering including traditional facilities management services, but also services more generally associated with luxury hotels, such as health club facilities, restaurants, kids clubs and concierge services. Services are provided by the Group's in-house team. This is an additional income generating revenue stream for the Group and allows the Group to sell the units in such projects at a premium to unserviced apartments.

The Group's off-plan sales model, coupled with a payment schedule focused on progressive collection of instalments, stimulates cash flow generation in the early stages of development, thereby contributing significantly to the Group's capital efficiency. Although the terms of the Group's sale and purchase agreements can vary depending on the development and requirements imposed by the relevant Government-linked master developers, the key standard financial terms are generally as follows:

- the payment terms typically follow a timetable-based and completion-based formula. Generally, 30 to 40 per cent. of the total payment is time-based (that is, the payment is made at a particular time, for example at the signing of the initial contract), and the remaining 50 to 60 per cent. of the total payment is progress-based (that is, the payment is made at a particular stage in development, for example at the laying of foundations). As a result, customers are typically required to pay up to 10 per cent. of the purchase price on signing of the sale and purchase agreement and additional approximately 20 per cent. of the total purchase price within twelve months of signing the sales purchase agreement; and

- if a customer fails to pay an instalment within a specified period and all attempts to reach an appropriate solution have failed, the Group places the property back on the market.

The Build phase

The final phase of the Group's business model is the "Build" phase. Construction is provided by external contractors in two phases: there is an initial contract for "enabling works" and a subsequent contract for "main works". See "*Project Execution and Management–Contractors*" below for further information on how the Group selects contractors. As the Group's payment structure requires its customers to pay into an escrow account a significant proportion (typically 30 to 40 per cent.) of the total purchase price of units in the Group's developments within twelve months of signing the unit reservation form, the Group is able to fund construction of developments from this cash which is released from the escrow account on approval by RERA of completed construction milestones. Advance withdrawals may be made in relation to project management and marketing costs and advance payments may be made to the contractor in return for a bank guarantee in favour of the trustee of the escrow account as beneficiary. See "*Regulatory Information*" for further information. This capital structure, coupled with the Group's robust track record of quickly launching developments (anywhere between few weeks to six months from land acquisition to launch of the development), helps to generate steady cash flow and allows the Group to minimise reliance on external financing to build its properties.

The average time required for the construction phase is from 24 to 48 months for high-rise units (depending on the number of floors in the building) and 18 to 30 months for villa units.

Investment properties

Each phase of the Group's business model relating to its "Buy", "Design", "Build" and "Lease" for its investment property business is set out below in more detail.

The "Buy", "Design" and "Build" phases are generally applicable to the Group's investment property business as set out above for residential properties subject to the "Build" phase being the penultimate stage for investment properties. In addition, the "Lease" phase as applicable to such business segment is set out below.

The Lease phase

As part of the development of its projects, certain parts of a development may be retained by the Group for investment. The Group will achieve returns on its investment properties by leasing retail, residential and commercial properties. This segment currently forms a small part of the Group's business with few residential units as at the date of this Offering Circular, however, in the future the Group expects that this segment will form a greater part of the Group's overall business in line with the Group's overall strategy to increase recurring revenues and to continue to diversify revenue streams. The Group intends in the future to transfer certain investment assets to special purpose entities established for the purpose of holding and leasing such assets.

In the future the Group may also seek to sell investment properties owned by it to realise capital gains.

PROJECT EXECUTION AND MANAGEMENT

The Group's project execution and management relies on a two-pronged approach of (i) outsourcing project design and construction to external contractors whilst (ii) maintaining a highly qualified team of internal engineers, architects and design professionals who are closely involved with the entire design and construction process.

Contractors

The Group outsources construction of its developments to third party contractors. The Group's dedicated legal team negotiates construction contracts which are typically based on the FIDIC standard form contract 1987 edition with appropriate development specific variations as is typical in the Dubai construction industry. The contracts do, however, allow the Group to terminate at will, which provide it with the flexibility to stop and/or consolidate projects should this become necessary in response to a general slowdown in demand within the real estate sector.

The Group has a two-step process for selecting contractors for its developments. First, it conducts a pre-qualification review of reputable contractors for the relevant development. The Group's Tender Committee, with the assistance of an externally appointed tender consultant, undertakes this review and in doing so, considers the following in relation to each contractor:

- financial standing;
- current resource levels;
- health and safety records;
- depth of experience on similar developments;
- track record;
- project management capabilities;
- equipment availability and quality;
- execution record;
- sub-contracting; and
- category of licences held.

Once the Tender Committee has evaluated the contractors according to this pre-qualification process, the selected contractors are invited to tender for the development. The Group has a policy of not using the same contractor simultaneously in multiple developments in order to reduce the risk of delay in completion. As part of the tendering process, the Group re-verifies all the criteria covered in the pre-qualification process (including the financial analysis). The Tender Committee is responsible for awarding the final construction contract to the successful tendering construction company. Although the Group enjoys good relationships with major contractors in Dubai and has approximately ten core contractors, the Group does not have any formal preferred contractor relationships which commit it to deal only with certain entities. This allows the Group greater flexibility in selecting a contractor for each development, particularly as regards availability and specific expertise.

Most of the Group's building contracts are based solely on the tender document (the document setting out the scope of works and used as the basis for each contractor's tender), with prices of raw materials and labour fixed in the contract ("fixed price"). Construction contracts may be terminated by the Group at will with the majority of these contracts having pre-agreed termination fees payable by the Group in such circumstances.

The Group pays contractors according to the applicable terms of the individual contracts, although contractors typically invoice the Group monthly. The Group only makes final payments to contractors on approval by the Finance Committee on the basis of the quality of the contracted works completed. Further to the stipulations of the Escrow Law, invoices and evidence of completed work must be approved by RERA in order for funds to be released to the contractor from the escrow account for a particular development. See also "*Regulatory Information–Relevant Real Estate Legislation–RERA and Escrow Accounts*" for further information on the Escrow Law.

Project Management

Although the Group outsources construction, the Group's internal project management team is responsible for overseeing every aspect of each development, including the construction phase. Contractors and consultants report directly to the project management team for each development. The project management team is based at the development site and monitors progress by liaising with external consultants as appropriate and legally required. The project management team, which for these purposes is generally supported by a full-time technical team provided by the relevant external consultant, controls quality by checking that materials used by, and the standard of the work completed by, the contractors meet the required standards.

Delay Risk

The Group manages the financial risk associated with contractor delays by enforcing performance guarantees and delay penalties if necessary. The Group also requires its contractors to undertake comprehensive insurance during the construction phase of project development.

Completion

Once the project management team for a development has approved final completion and rectification of any final issues, the Group issues a certificate of completion to the contractor via the relevant project consultant, together with a list of items to be rectified, once the building is substantially complete. In Dubai, the Dubai Municipality and all relevant Government departments must also certify completion before the Group can formally transfer units to unit purchasers. The contractors remain liable for any faults for a period of 12 months following the date of the certificate of completion provided by the Group.

Facilities Management

The Group's dedicated customer service continues beyond completion of a development and handover of units to the purchasers. Pursuant to the Condominium Law of 2007 (the **Condominium Law**), each building with multiple occupancy in Dubai is obliged to register an owners' association with RERA. Any such owners' association is responsible for the upkeep and maintenance of the common areas of a building, including lobbies and plant and equipment, such as elevators and electrical facilities. Pursuant to the Condominium Law of 2007, the Group provides coordination for such owners' association as well as facility management services through a subsidiary. See also "*Regulatory Information*" for further information on regulation of the Dubai real estate sector. Typically, this role continues for three years following handover, subject to extension by a further three years (on a rolling basis). At the end of this initial term, subject to being formally registered with the authorities, the owners' association may select an independent facilities manager or may continue to retain the Group's services.

The Group provides comprehensive owners' association and facilities management services with a clear focus on maximising value for the customer. The team assists in the final takeover of the building from projects on behalf of the owners. They subsequently manage the defects liability period, control operational budgets and assist in the formation of the owners' association while providing day-to-day services in the buildings. This team also enables an efficient owners' association and facilities management services transition, provides accurate accounting/reporting and endeavours to lower operating costs. The yearly budget for the provision of owners' association and facilities management services in Dubai are approved by RERA and payable by the owners of units in the building. To the extent a surplus arises in any one year compared to the pre-approved budget, any such surplus can be credited against the following year's budget of the owners' association. To the extent there is a shortfall in any given year, the owners' association will invoice owners proportionally for such shortfall.

Serviced Apartments and Hotels

In addition to providing owners' association and facilities management services for its completed projects, the Group is also providing luxury in-house services to owners of serviced apartments and hotels in respect of six projects currently and will be expanded further as new projects are delivered going forward. These services encompass traditional facilities management services but also services more generally associated with hotels. As such, the Group provides health club facilities, restaurants, kids clubs (both for the building as a whole and available "in-room") and concierge services. These services are provided in-house by "Damac Maison". Damac Maison Mall Street project in the Burj district of Dubai was the first project launched by the Group which was marketed as serviced apartments and is operated by Damac Maison. Further hotel apartments have opened under the name Damac Maison Distinction, Damac Maison Canal View and Damac Maison Cour Jardin. Units sold in the Damac Towers by Paramount development and Paramount Tower Hotel & Residences have been sold as serviced apartments branded with Paramount.

Dubai ranked second in the top ten tourist destinations in 2022 according to Euromonitor in terms of international tourist arrivals, a trend which is expected to improve further in light of the removal of COVID-19 travel restrictions. The limited supply of serviced apartments and hotels in comparison to this rise in demand is likely to result in favourable economic dynamics for serviced apartments and hotels. The Group intends to capitalise on its facilities management experience by providing more serviced apartments and similar hospitality related products in its offering.

Although the principal purpose of these add-on services is to enhance its ability to sell units, the Group will also benefit from opportunities for recurring revenue streams in the future from: (i) maintenance fees; (ii) management fees from rental pools; (iii) share of profits in the rents achieved in the rental pool; and (iv) other services being provided.

The team that is implementing these services liaises closely with the Group's design team to ensure that the buildings will meet the requirements of its customers, including by providing sufficient and appropriate space for restaurants, spas and kids clubs. The aim is to achieve a luxurious ambience comparable to exclusive hotels. In order to control quality at all levels to the high standard expected of the Group property, the services team will work closely with the team providing owners' association and facilities management services. The Group is analysing the competitive environment for serviced and branded apartments and hotels as well as surveying its existing customers to determine the exact nature and extent of services that will best meet its clients' demands and preferences in this regard.

Any customers purchasing units in serviced apartment or hotel room projects will be able to include those units in the building's "rental pool". This "rental pool" will also be managed by the Group, which will charge a commission for this service. In order to participate in the "rental pool", a unit must: (i) meet the Group's standards internally in terms of fixtures and furnishings; (ii) be included in the services provided; and (iii) be available for short periods of up to 12 months.

CUSTOMER BASE

As at 31 December 2022, the Group had sold units to over 8,000 customers from over 140 different nationalities and it has over 950,000 potential customers in its database. The customer base is managed by the Group's client relationship management team and through its network of international sales offices and agents. The following table illustrates the regions from which the Group's customer base by units and by sales for the year ended 31 December 2022 was derived on.

Nationality (by region)	Percentage of Units	Sales Value
Europe	40%	41%
Asia	28%	27%
Middle East	17%	15%
Americas	6%	7%
Africa	6%	6%
Others	2%	4%
Total	**100%**	**100%**

The following table illustrates the regions from which the Group's customer base by value of sales was derived for the years 2020 to 2022:

Nationality (by region)	Sales Value
Europe	36%
Asia	28%
Middle East	19%
Americas	7%
Africa	7%
Others	3%
Total	**100%**

Typically, a large portion of the Group's marketing budget targets investors from outside Dubai, and the exact locations and profiles of these target investors varies according to the economic and political conditions of the home jurisdictions of potential investors.

The Group's customers typically fund their purchases through direct sources and equity. Very few customers require mortgages or other forms of debt financing to fund their purchase.

The Group's in-house sales team and extensive global external broker network allow it to search a loyal and global customer base through a sophisticated marketing strategy and approximately 7 per cent. of the Group's customer in 2022 were repeat customers.

COMPETITIVE POSITION

In Dubai, the Group currently competes with the following major state-backed Dubai based property development companies and certain other private entities, which dominate the Dubai property market:

- Emaar Properties PJSC (**Emaar**) - a public joint stock company and the Group's major competitor. Unlike the Group, Emaar has in the past been allocated its land bank in Dubai by the Government. It has also developed a broad portfolio of projects in Dubai across a range of sectors - residential, commercial, retail and leisure;

- Nakheel PJSC (**Nakheel**) - a private joint stock company established in 2003. Its main developments include the Palm Islands, the Dubai Waterfront, International City and The World. Unlike the Group, Nakheel has in the past been allocated its land bank in Dubai by the Government. It has also developed a broad portfolio of projects in Dubai across a range of sectors

- residential, commercial, retail and leisure. Nakheel is currently owned directly by the UAE government. Nakheel (along with Dubai World) had to restructure its debt obligations as a result of the global financial crisis;

- Meraas Holding LLC (**Meraas Holding**) – a limited liability company established in 2007 in Dubai, Meraas Holding is a Dubai-based diversified holding company with a portfolio of investments in tourism, leisure, real estate development and asset management. Meraas Holding's completed and on-going developments include Blue Waters, the largest Ferris wheel in the world, the Pearl Jumeira luxury residences, Citywalk, an outdoor retail destination in Dubai, a Bollywood theme park and the first Legoland theme park in the Middle East;

- Dubai Properties LLC (**Dubai Properties**) - a limited liability company established in 2004. It is part of the Dubai Holding Group. Its main developments include Culture Village, Business Bay and the Jumeirah Beach Residences. Unlike the Group, the Dubai Holding Group has in the past been allocated its land bank in Dubai by the Government;

- Deyaar Development PJSC (**Deyaar**) - a public joint stock company established in 2002 and floated as a public joint stock company in 2007. It has residential and commercial developments in Business Bay, Marina, Al Barsha, DIFC, Jumeirah Lake Towers, International Media Production Zone, Dubai Silicon Oasis and TECOM as well as operations in Lebanon, Turkey, the United States and the United Kingdom. In addition to property development, it also provides property management, facilities management and owners' association management services; and

- Union Properties PJSC (**Union Properties**) - a public joint stock company established in 1987 and floated as a public joint stock company in 1993 and is part of the Emirates NBD Group. It has completed a variety of different projects ranging from commercial, residential and leisure developments from high-rise towers to multi-use complexes, hotels and theme parks in the UAE.

This competition principally takes the form of competing for purchasers of residential property and, to a lesser extent, tenants in retail properties and guests in resort and hotel developments. In the latter cases, the Group also competes with other established retail outlets and hotels, as well as any that may be established in the future. In addition, if the Group undertakes other developments in Dubai, it may also need to compete for the land on which the developments are to be located.

The Group believes that the competitive landscape will not change significantly in the foreseeable future due to the higher barriers to entry into the Dubai residential property development sector. Stricter regulatory rules and the RERA escrow arrangements, together with potential difficulties in obtaining credit, mean that the purchase of land and the costs of construction are more difficult to finance up front. In addition, in order to obtain land in prime locations, any market entrant would be required to establish relationships with regulators, contractors and local Government-linked master developers, who tend to look to developers with strong track records. These factors, together with the long period of time required to enter the market due to project construction taking an average of three to four years and a customer preference for an established brand with a track record of delivery, make it difficult for any new entrants without an established track record and critical economies of scale to come to market. In particular, the Group believes it is in a strong position in relation to any current or future competitors due to the following competitive strengths:

- it is a leading investor in media and brand building;

- it is one of the leaders in high-end perception and in luxury co-branding;

- it operates a flexible serviced apartments business model through the establishment of its own in-house management company, Damac Maison;

- the modular design of its buildings and projects allows the Group to better and faster adapt to changing market conditions;
- it has the most extensive sales team and brokers network in Dubai, the Middle East and China;
- it is one of the most active property developers online having a well-developed and strong presence on the internet via its award-winning website, Facebook, YouTube and Twitter;
- it manages buildings after completion which results in deeper trust in the quality of the developments;
- it is one of the most active property developers in terms of the number and extent of road shows promoting its projects; and
- it interacts directly with potential customers through kiosks in malls and airports.

INTELLECTUAL PROPERTY

The Group believes that its strong brand has significantly contributed to the success of the Group's business to date, complementing its sales and marketing strategy and customer relationship management. The Damac brand is owned by the Guarantor. The Group has a right to use the Damac brand in connection with its property development business in Dubai.

The Group also has co-branding arrangements with FENDI Casa, Versace Home, de GRISOGONO, Cavalli, Just Cavalli, Paramount Hotels & Resorts and the Trump Organization, allowing the Group to use such branding in its developments.

INFORMATION TECHNOLOGY

The Group has implemented several information technology applications for the efficient management of its projects, as well as all other back-office functions, such as finance, general procurement, sales, sales operation and customer services. The Group uses many state of the art enterprise business applications and business support software like Oracle Fusion, Sales Force, Conga, Microsoft Dynamics, Ingentis, Pmweb, FSI, Oracle Primavera, Oracle EPM, Moengage, Verloop, Sendgrid and Qualtrics.

The Group has established a dedicated information security function that governs, delivers, and maintains the Group's cybersecurity. The Group's approach to cybersecurity is aligned with NIST Cybersecurity framework and the Group's policies are aligned with ISO27001 international standards. The Group's employees are made aware of cybersecurity policies via security awareness campaigns, trainings and inductions. The Group also has in place phishing prevention controls at that prevent impersonation attempts and behaviour-based anomalies aimed at targeting domains. The Group on a regular basis takes down of fake websites, mobile apps, and malicious content on the internet. In addition, the Group has systems and controls in place aimed at preventing data leakage, including the leakage of personal data.

HEALTH, SAFETY AND ENVIRONMENT

The Group places a high priority on the Health, Safety, and Environment (HSE) compliance in all of its developments and holds its supervision consultants and contractors accountable for HSE compliance in accordance with relevant construction contracts. The Group is committed to implementing sound HSE Policies and integrating them into its business philosophy, with the aim of reducing safety risks and environmental impacts to an acceptable level, in line with industry best practices.

To ensure compliance with local and international HSE regulations and guidelines, the Group has appointed an HSE manager to develop and implement an HSE management system across all of its projects and workplaces.

This includes compliance with industry standards and promoting a culture of health, safety, and sustainability throughout the organization. The Group has also engaged a third-party HSE consultant to support the HSE Manager's efforts.

Furthermore, for each project, the Group appoints a project manager, who works in collaboration with the Group's HSE officers to inspect physical conditions on the site. This includes personal protective equipment, work heights, and confined spaces, as well as procedural issues like certification, fire, and first aid procedures, and training registers. The project manager and the HSE officers are entitled to suspend works and impose fines in the case of non-compliance with designated HSE Policies. The HSE officers are also responsible for monitoring and reporting monthly HSE key performance indicators with respect to each project, including the number of workers, lost days, first aid and accidents, training, inspections, audits, NCRs, etc.

The Group also seeks to adhere to the highest quality and environmental management processes and is committed to the UAE government's "green buildings" initiative creating energy-efficient residential and commercial buildings that support development. The Group is looking at various sustainability initiatives for its existing and new high-end community lifestyle developments. In applying for building regulation approvals via the Dubai Municipality, the Group aims to cover all items of the UAE government's sustainability initiative, including the UAE government's highest green building and performance measures and resulting in environmentally responsible, profitable and healthy places for its customers to live and work. In this respect, the Group has three projects for which Green Certificates were obtained from the Dubai Municipality (Trakhees), namely Ghalia, Tower 108, and Suburbia.

Damac Lagoons offers a low emission community. Homes are to be built according to Dubai's Green Building Regulations & Specifications with energy-efficient materials and low-emission paints and will incorporate energy-efficient lighting and air conditioning, solar-heated water systems, solar panels and landscape irrigation. The road network within the development is designed in a way to minimise pollution and there will be dedicated spaces for bicycles and hybrid and electric cars.

Moreover, since 24 May 2022, Damac Development LLC which is the subsidiary of the Group is a member of the U.S. Green Building Council, the foremost coalition of leaders working to transform the way buildings are designed, built and operated.

INSURANCE

The Group recognises that risk is part of its business. In evaluating risk, the Group determines whether a specific risk is within its tolerance level and whether it is of a type that it is prepared to accept. If accepted, the Group determines whether it is practicable to mitigate that risk through internal controls and whether to transfer that risk by means of insurance.

The existing areas of risk subject to insurance are covered by the following policies at the relevant Group or subsidiary level, as may be applicable for a particular type of cover:

- life and personal accident insurance;
- workmen's compensation insurance;
- medical insurance;
- public liability insurance;
- Property all risks insurance;
- motor fleet insurance;

- business level insurance;
- money insurance;
- office content insurance;
- fidelity guarantee insurance; and
- D&O indemnity insurance.

As part of its business model, the Group selects external contractors and engineers to detail, design and construct its properties. The Group contractually requires its contractors to maintain appropriate levels of insurance coverage including contractors' all risks, third party liability, workmen compensation and plant and machinery insurance policies. Engineers are contractually required to maintain professional indemnity insurance. In addition, with respect to the Master Community Projects, in connection with which the Group will operate in a manner similar to a Government-linked master developer, it has, itself, taken out property all risk insurance (for common areas and community assets), and plant and machinery insurance.

REGULATORY INFORMATION

LEGISLATION GOVERNING FREEHOLD PROPERTY

On 13 March 2006, the Government of Dubai issued legislation permitting foreign ownership of properties in designated areas of Dubai. The Dubai Real Estate Registration Law No. 7 of 2006 (the **Registration Law**) allows UAE and GCC citizens, and companies wholly owned by them, as well as public companies, to own real rights over property (such as freehold and long-term leases) anywhere within Dubai and non-GCC expatriates and foreigners, and companies owned by them, to own real rights over property only in designated areas within Dubai.

As a consequence of the current policy of the DLD, a company incorporated outside the UAE that wishes to own real rights over property will need to establish as its subsidiary a locally incorporated entity to hold title. For example, it is possible for foreigners and foreign companies to own property in Dubai through offshore companies established in the Jebel Ali free zone.

The Registration Law also provides that the DLD shall solely, to the exclusion of others, be authorised to register any real rights over property. The Registration Law established the Real Property Register at the DLD. All real property rights and any amendments shall be registered in the Real Property Register, which shall have the absolute power of evidence against all parties. No objection against the data on the Real Property Register may be made other than on the grounds of fraud or forgery.

DUBAI REAL ESTATE REGULATORY AUTHORITIES

DLD

The DLD is responsible for registration of all property transactions and of all property developers within the Emirate of Dubai (with the exception of free zones that have their own regulations and procedures in place). Pursuant to Law No. 4 of 2019 (as described in the "*RERA*" below), the DLD has succeeded RERA in exercising all the functions related to the registration of lease contracts and regulation of the relationship between landlords and tenants and in exercising all other functions related to lease contracts.

RERA

RERA was established pursuant to Dubai Law No. 16 of 2007 concerning the establishment of the Real Estate Regulatory Agency, which has now been superseded by Dubai Law No. 4 of 2019 concerning the real estate regulatory agency (the **RERA Law**). Supported by the DLD, RERA plays a key and executive role in the regulation of Dubai's real estate market. RERA is an arm of the DLD responsible for regulating the real estate sector, helping in formulating the sector's strategies, regulating the activities of companies that manage residential compounds, as well as the activities of real estate brokers and owners' associations. RERA also issues the rules and regulations that qualify activities of brokerage, lease contract registration and certification.

Other recent measures implemented by RERA to strengthen the real estate regulatory framework in Dubai include the adoption of standard form marketing agreements that are required to be entered into between property owners and real estate brokers in order to ensure the rights of landlords, investors and brokers with respect to property marketing and advertisements. Further, pursuant to Dubai Law No. 19 of 2017, new requirements and procedures were introduced relating to purchasers who are in breach of off-plan property sale agreements, as well as providing for the rights of the purchasers for a full refund of all payments in case of cancellation of the project by a resolution from RERA.

Dubai Municipality

Dubai Municipality provides municipal services to the population of Dubai. Its work includes urban planning and supervision of construction; environmental protection and improvement; conservation of public parks; regulation and maintenance of quality standards in construction and building materials, food and consumable items; and professional services in laboratory certification and accreditation.

Dubai Civil Defence

The Dubai Civil Defence Department is responsible for ensuring compliance with safety standards. Its work includes the installation of fire safety and other emergency equipment.

Roads and Transport Authority (RTA)

The RTA must approve road networks and master plans for any communities developed by development companies.

RELEVANT REAL ESTATE LEGISLATION

RERA and Escrow Accounts

The Escrow Law was introduced on 28 June 2007 and, together with its associated regulations, governs the way in which purchase price instalments paid by purchasers of "off-plan" developments are dealt. Under the Escrow Law, developers are required to register with RERA and to set up escrow accounts for each development. Purchasers pay their requisite purchase price in instalments directly into the relevant escrow account. Importantly, the monies credited to the escrow account are not subject to attachment in favour of a developer's creditors.

The escrow account is managed by a financial institution approved by RERA (with such financial institution being the trustee of the escrow account). The trustee of the escrow account will determine when a developer will be permitted to make withdrawals from the escrow account. Essentially, money will only be permitted to be drawn down when certain specified construction milestones are met and in accordance with the relevant legislation and any relevant escrow agreement. The release of monies from the escrow account is subject to a requirement to retain five per cent. of the total funds in the escrow account for one year following the date of receipt of the completion certificate issued by DLD to the developer for the developer to address any remedial works required during that period.

Developers are permitted to use up to five per cent. of the project value for "soft costs" associated with the development such as advertising, brokers' fees and other disbursements. RERA oversees the operation of escrow accounts and has the ability to carry out audits to ensure that the relevant escrow account holds the requisite amount of funds based on the relevant stage of the development, the money paid by the purchasers and the construction costs incurred by the developer to date. If there are not sufficient funds, RERA can require the developer to top up the escrow account.

The Escrow Law stipulates severe penalties for breach of the Escrow Law, including imprisonment and/or a fine of not less than AED100,000.

Interim Real Estate Register

The introduction of Law No. 13 of 2008 regulating the Interim Real Estate Register in the Emirate of Dubai in August 2008 (**Law No. 13**) created a register to record all off-plan sales of real estate units (the **Interim Register**). Law No. 13 was subsequently amended by Law No. 9 of 2009, the Executive Council's Decree No. 6 of 2010, Law No. 19 of 2017 and Law No. 19 of 2020.

Within a 60-day period following the publication of Law No. 13 (i.e. 60 days from 31 August 2008), developers were required to register all off-plan sales in the Interim Register. Law No. 13 sets out that any sales or other disposals that transfer or restrict title will be void if they are not recorded in the Interim Register.

Law No. 13 (as amended) also provides, amongst other things, that: (i) a developer is not permitted to commence selling units for a project until it has taken possession of the relevant development land and obtained all necessary approvals from the authorities; (ii) all fees payable upon a transfer or other disposal of units must be paid to DLD and developers are only permitted to collect limited "administration fees" upon such disposal; and (iii) developers are no longer permitted to claim an increase in the purchase price of units if, after completion of a development, the units turn out to have a larger area than originally set out in the contract unless otherwise agreed. Furthermore, developers are required to compensate purchasers where the net area of a unit is more than five per cent. smaller than that specified in the contract. The compensation payable will be calculated on the basis of the purchase price for the relevant unit.

Compensation on Termination

Article 11 of Law No. 13 of 2008 (as amended) sets out the procedure that must be followed in the event that a developer wishes to terminate an off-plan sales agreement by virtue of the purchaser's default and the compensation that the developer may obtain in such circumstances. In the event that a purchaser breaches any of its obligations under the off-plan sales agreement, then the following procedures shall be followed:

(a) the developer must notify the DLD of the purchaser's default and the DLD will then notify the purchaser of the default and allow 30 days for it to be remedied;

(b) if the purchaser does not remedy the default within the permitted period of 30 days the DLD will issue an order in favour of the developer permitting it to undertake one of the following actions:

  (i) where the project is more than 80 per cent. complete, the developer can (1) continue with the contract and claim the outstanding amount from the purchaser; (2) ask the DLD to sell the property by public auction to recover the outstanding amount; or (3) terminate the contract and retain up to 40 per cent. of the purchase price stated in the contract;

  (ii) where the project is 60–80 per cent. complete, the developer can terminate the contract and retain up to 40 per cent. of the purchase price stated in the contract;

  (iii) where the project is less than 60 per cent. complete, the developer can terminate the contract and retain up to 25 per cent. of the purchase price stated in the contract; or

  (iv) where the project has not commenced construction for reasons beyond the developer's control, and there is no negligence on the developer's part or the project is cancelled pursuant to a final decision by RERA, the developer must refund all amounts it has received at the time of termination pursuant to approach provided under Law No. 8 of 2007.

In each of the circumstances above, if the developer terminates the contract, it can retain the permitted proportion of the purchase price (as above) and must refund any amounts due to the purchaser within one year of the termination of the contract or within 60 days from the date of resale of the property, whichever is earlier.

For the purposes of paragraph (d) above, the following cases shall be deemed causes beyond the developer's control:

(a) the land on which the project is to be built is dispossessed on grounds of public interest;

(b) a government authority stops work on the project for re-planning reasons;

(c) excavations or service networks are found on the project's location;

(d) the Government-linked master developer makes modifications to the project's location resulting in the project's borders and area changing in a way that affects the performance of the sub-developer's obligations; and

(e) any other causes the RERA may deem out of the developer's control.

In addition, Law No. 9 of 2009, Law No. 19 of 2017 and Law No. 6 of 2019 provide RERA with the ability to cancel a project if it considers it appropriate having considered such project's viability. In such case, the developer is obliged to return all monies paid by purchasers. In the event that the balance of the project's escrow account is insufficient to satisfy the amounts owed to the purchasers, the developer shall repay the sums to those purchasers entitled to payment within 60 days of the project cancellation decision unless RERA determines to extend such period for valid reasons.

Laws relating to jointly owned properties

In November 2019, the Dubai Law No. 6 of 2019 (the **Joint Ownership Law**) and the RERA Law came into force. The Joint Ownership Law implements major regulatory changes to the joint-owned properties by RERA and the management of common areas. The RERA Law amends and restates competencies and the responsibilities of RERA, including the transfer of jurisdiction from RERA to the DLD to regulate matters related to lease contracts (including the registration of lease contracts). It also provides RERA with the express power to investigate and review complaints filed against persons conducting real estate activities.

Higher Real Estate Planning Committee

The Higher Real Estate Planning Committee was established in 2019. It aims to further regulate the real estate sector in Dubai and further develop a clear and deliberate strategy to enhance Dubai's real estate sector competitiveness. The Real Estate Higher Committee will be responsible for overseeing the real estate supply and demand balance and ensuring that new projects add value to Dubai's economy.

Rent Control Laws

In order to curb inflationary pressure created by rising real estate prices and increases in rents, Dubai enacted its first rent control laws in 2006. In 2013, Dubai enacted the Dubai Decree No. 43 of 2013 amending the previous decrees relating to rent controls.

Under the 2013 decree, property owners are restricted from increasing rents unless the property's rental value is more than 10 per cent. below the average rent for similar property. The average rent for similar property is determined with reference to a rental index for Dubai maintained by RERA. The following limits apply in case the rental value of a property is more than 10 per cent. below the average index price:

- if the rent is between 11 per cent. and 20 per cent. lower than the average rent for a similar property, the maximum increase shall be equivalent to five per cent. of the rental value;
- if the rent is between 21 per cent. and 30 per cent. lower than the average rent for a similar property, the maximum increase shall be equivalent to 10 per cent. of the rental value;
- if the rent is between 31 per cent. and 40 per cent. lower than the average rent for a similar property, the maximum increase shall be equivalent to 15 per cent. of the rental value; and
- if the rent is lower than 40 per cent. of the average rent for a similar property, the maximum increase shall be equivalent to 20 per cent. of the rental value.

The 2013 decree applies to the free zones of Dubai, including the DIFC.

Property Mortgage Rules

The UAE Central Bank issued Circular No. 31/2013 dated 28 October 2013 setting caps on mortgage lending by banks. The loan to value (**LTV**) ratios were capped as follows:

- For UAE nationals: capped at a maximum of 80 per cent. where the property is valued at AED 5 million or less and 70 per cent. where the property is valued at more than AED 5 million in relation to the first property and at 65 per cent., regardless of the property's value, for the second property.
- For non-UAE nationals: capped at a maximum of 75 per cent. where the property is valued at AED 5 million or less and 65 per cent. where the property is valued at more than AED 5 million in relation to the first property and at 60 per cent., regardless of the property's value, for the second property.
- For UAE and non-UAE nationals: capped at 50 per cent. regardless of the property's value in relation to property bought off plan.

Uncompleted, Cancelled or Liquidated Real Estate Projects

His Highness, Sheikh Mohammed Bin Rashid Al Maktoum, Ruler of Dubai, issued Decree No. 33 of 2020 concerning the formation of a special judicial committee for the uncompleted and cancelled real estate projects in Dubai (previously established pursuant to Decree No. 21 of 2013) and the settlement of the relevant rights.

The main aim of the special committee (the **Committee**) is to settle disputes relating to real estate projects which are uncomplete, have been cancelled or liquidated under a final resolution issued by the RERA, provide mediation services, review requests for annulment or ratification of arbitral awards and to consolidate the process by which investors seek compensation against developers for cancelled real estate projects. It aims to expedite proceedings as court and arbitration proceedings have not only been lengthy but also expensive. The Committee has also been provided with broader powers compared to Decree No. 21 of 2013, whereby it may carry out any other duties as required to allow the Committee to preserve and protect the rights of all parties in the cancelled or uncompleted real estate project. The Committee also has power to transfer uncomplete projects to a new developer and form subcommittees as required.

As a consequence, courts in Dubai (including the DIFC) may not consider any demand or claims relating to cancelled real estate projects. Such claims relating to cancelled real estate projects must be considered by the Committee and the courts are required to refer any existing cases before them to the Committee.

Decisions of the Committee are final and binding and may not be appealed.

OTHER RELEVANT LEGISLATION

Corporate and Commercial Laws of the UAE

The principal legislation governing companies in the UAE is Federal Decree Law No. 32 of 2021 (the **Commercial Companies Law**). There are three principal types of corporate entities that are most commonly established under the Commercial Companies Law: (i) a limited liability company; (ii) a private joint stock company, and (iii) a public joint stock company. In each case, the company must obtain a licence from the federal and/or municipal authorities to carry on its proposed activities.

Federal Law No. 50 of 2022 (the **Commercial Transactions Law**) covers a broad range of commercial and banking transactions and contains provisions which relate to, amongst others, commercial obligations, commercial pledges, commercial agency, commercial papers and bankruptcy and liquidation.

Federal Law No. 5 of 1985 (the **Civil Code**) covers, amongst other things, basic contract law principles, various types of contracts, property rights and the creation of security interests over various forms of property. The Civil Code contains general provisions imposing liability for harm done to other. These provisions could apply to liability claims against developers. The Civil Code distinguishes between direct and indirect (or consequential) harm, but does not define these terms. It is not possible to contract out of liability for causing direct harm, whereas liability for indirect harm can be limited by contract. In all cases, liability is assessed on the basis of the degree of harm suffered (including loss of profit if such harm was a natural result of the harmful act). The Civil Code also contains provisions dealing with liability caused by negligence and direct or indirect actions of the person responsible for the resulting harm. The principles governing such liability are derived from both statute and principles of *Sharia*.

UAE Labour Law

Federal Law No. 33 of 2021 (the **Labour Law**) came into effect on 2 February 2022 and governs labour relations, and applies to all employees working in the UAE other than employees in the government sector, the armed forces, domestic employees, police and security services. The Labour Law also does not apply to employees working for a company with a place of business in the DIFC and who are based in or ordinarily work in the DIFC. Such employees are instead subject to the DIFC Employment Law No. 19 of 2019.

Employees working in one of the many free zones in the UAE, including foreign nationals, are subject to the Labour Law in addition to any employment regulations introduced in the relevant free zone. Where the free zone regulations are not consistent with the Labour Law, the Labour Law provisions take precedence unless they are less favourable than the relevant free zone regulations. Where no mandatory laws apply, the law applying to the contract governs the contractual employment relationship.

The Labour Law imposes, amongst other things, maternity leave, equal pay, various working arrangements and protection against discrimination, bullying and harassment. All employers in the UAE (other than those in exempt categories or in free zones) must register with the Federal Ministry of Labour (**MoL**). Trade unions and collective bargaining are not permitted, and for both UAE nationals and non-nationals, employee grievances are handled through a conciliation process administered by the MoL.

The Labour Law provides for a 30-day minimum notice period for termination for legitimate reasons and pay in lieu of notice by the non-abiding party to the notice is acceptable. What constitutes a legitimate reason is not defined, but generally the reason for termination must relate to the employee's work. If there is a case of wrongful dismissal, the employer can be ordered by the court to pay compensation of up to three months' base salary to the employee. Employee grievances are handled through a conciliation process administered by the MoL.

The Labour Law also provides for the compensation payable to workers for injuries sustained during the course of employment. The Labour Law also provides for a mandatory end of service gratuity to be paid to employees on termination of employment.

Competition/Anti-Trust Laws

Federal Law No. 4 of 2012 (the **Competition Law**) aims to prevent anti-competitive practices and provide a stimulating environment for businesses. The Competition Law prohibits anti-competitive practices, such as anti-competitive agreements and abuse of dominant position. Businesses in specified sectors (including telecommunications, financial, oil and gas) and specified entities (including Federal and Emirate Governments and entities owned or controlled by them), are excluded from the application of the law. The Ministry of Economy is also empowered to grant exemptions from provisions of the law. Violations are punishable by fine and, at the discretion of the court, possible closure of the business for three to six months.

Environmental Laws

Matters relating to the environment are governed principally by Federal Law No. 24 of 1999 concerning the protection and development of the environment (as amended) (the **Environment Law**). This law establishes a federal environment protection agency which acts through the Emirate level authorities in implementing the provisions of environmental legislation. The UAE Ministry of Environment and Water is currently the federal body responsible for the implementation the Environment Law. In Abu Dhabi, the Abu Dhabi Environmental Agency is responsible for the implementation of all UAE federal and Abu Dhabi local environmental legislation as well as the issuance of environmental licences in Abu Dhabi. In Dubai, the Emirate level authority is the Dubai Municipality.

The Environment Law prohibits establishments from discharging certain pollutants into the environment. Premises or shops located near the coastline which discharge pollutants may only be established following an environmental impact assessment survey and the construction of waste treatment units.

The Environment Law imposes various criminal sanctions for environmental damage in addition to the sanctions provided under the UAE Penal Code (Federal Law No. 35 of 1992, as amended). Criminal liability attaches to an individual or individuals and not the company, although any conviction of an individual can be taken into account in any later UAE civil court proceedings against the company. Any type of environmental incident may well lead to criminal complaints against any individual concerned.

The Environment Law also sets out liability in terms of compensation for environmental damage. It extends loss from the normal concept of remoteness of "loss" in UAE law to include any damages which "affect the environment in such a way that prevents or reduces temporary or permanent lawful use or damages the economic and aesthetic value as well as the cost of the environmental rehabilitation". "Environmental rehabilitation" is consequential loss in its most extreme form. Technically speaking, any claims under the Environmental Law may therefore be considerable and of serious consequence.

The maximum penalty under the Environmental Law is a fine of up to AED 10 million for certain violations and imprisonment of up to five years.

The UAE has acceded to various international and regional conventions on various environmental issues.

Exchange Control Laws

There are no currency exchange controls and no restrictions on the remittance of funds. Since 1980 the UAE Dirham has been pegged to the U.S. Dollar at U.S.$1 = AED 3.6725.

DUBAI INTERNATIONAL FINANCIAL CENTRE (DIFC)

The DIFC has its own legislation relating to the registration and ownership of real property located within the DIFC. This legislation is largely analogous to that found in Dubai. The DIFC also maintains an independent register of title.

UAE TAXATION

Tax on Property

At present, the UAE does not impose any property or capital gains tax on property owners. Federal Law No. 8 of 2017 On Value-Added Tax (VAT) (as amended) and Federal Cabinet Decision No. 52 of 2017 On the Executive Regulations of the Federal Law No. 8 of 2017 On Value-Added Tax (VAT) (as amended) (the **VAT Law**) introduced VAT to the UAE with effect from 1 January 2018. The key features for the property sector include:

(a) taxable supplies: the provision of real estate for lease and sale will be a taxable supply;

(b) rating of supplies: supplies will be rated as (1) exempt, where no VAT is chargeable; (2) zero rated, where VAT is chargeable at a zero rate; or (3) standard rated, where VAT is chargeable at 5 per cent.;

(c) categories of supply: the VAT Law differentiates the main taxable supplies as follows:

  (i) sale of bare land: exempt from VAT;

  (ii) sale of residential property: the first-time supply (such as new apartments by developers) within three years of completion will be zero rated. Subsequent supplies (such as onward sales) will be exempt from VAT;

  (iii) lease of residential property: the first-time supply within three years of completion will be zero rated. Subsequent supplies will be exempt from VAT;

  (iv) sale of commercial property: standard rated;

  (v) lease of commercial property: standard rated; and

  (vi) associated supplies (such as service and utility charges): standard rated;

(d) residential property: does not include hotel or bed and breakfast establishments;

(e) commercial property: additional considerations include:

(f) where the term of a commercial lease spans 1 January 2018, VAT will be chargeable from this date notwithstanding the fact that the rent has previously been paid by the tenant;

  (i) where a commercial lease does not provide for VAT, the rent will be deemed inclusive of VAT (with no additional payment required from the tenant). Conversely, if the tenant and the landlord are both registered for VAT, the rent will be deemed exclusive of VAT (with VAT payable in addition by the tenant);

  (ii) a capital assets scheme provides for input tax in respect of buildings to be split over 10 years where a threshold value and other conditions are met; and

  (iii) the duty to account to the government for VAT vests in the seller or landlord (who will be liable for any shortfall);

(g) record-keeping: VAT records must be maintained for a minimum period of 15 years.

A housing fee equal to five per cent. of the annual rent of the property has been imposed on properties in Dubai and is charged (for residential and business owners) as part of the monthly water and electricity costs or licence fees for businesses. Where the property is not rented, the fee is calculated on the basis of RERA's rent index.

Hospitality businesses such as hotels must pay a municipality tax (10 per cent. of turnover) and per night per room fee (ranging from 7–20 dirhams, depending on hotel category).

The DLD charges a DLD Transfer Fee equal to four per cent. of the purchase price of the property to register a transfer of ownership. Other fees apply for registerable transactions relating to property rights (such as long leases and mortgages).

In January 2018, the Cabinet announced that distribution of the UAE's VAT revenues would be split on a 70:30 ratio between the UAE's local and federal governments. 70 per cent. of total VAT revenues would be distributed among the local governments and would primarily be used for facilitating services supporting UAE residents and enhancing community development. The balance of VAT revenues will be used by the UAE Federal Government as part of the UAE's federal budget.

Import Taxes/Customs Duties

Under the GCC agreement to impose uniform rates for customs duties, the UAE imposes a uniform five per cent. customs duty on the import of goods from outside the GCC. Certain exemptions apply to military and security purchases and some foodstuff items.

Other Taxes

The UAE does not impose any personal income taxes on either UAE national or non-UAE national employees. A statutory pension contribution of five per cent. of the salary is payable by UAE national employees. Non-UAE national employees do not make any social security contributions. A statutory pension contribution of 12.5 per cent. of the salary is payable by the employer in relation to UAE national employees.

The UAE has introduced the Federal Decree Law No. 47 of 2022 on the taxation of corporations and businesses (the **Corporate Tax Law**) which imposes a corporate income tax to UAE businesses at a rate of 9 per cent. from 1 June 2023 on taxable income exceeding AED 375,000.

The UAE does not impose taxes on dividends (paid or received), interest payments or royalty payments.

STRATEGY OF DUBAI

Since the establishment of the UAE in 1971, Dubai has developed its status as a major city, enhancing the well-being of its people and creating an environment that attracts businesses and individuals.

Vision for Tourism 2022-25

The Dubai Department of Tourism and Commerce Marketing (the **DTCM**) announced Dubai's Vision for Tourism 2022-25 (**Vision 2022-25**) in October 2018, which aims to attract between 23 to 25 million visitors to Dubai per year by 2025.

The 71 initiatives under Vision 2022-25 are to be delivered across a number of categories. Each category has a target of visitors and contribution to Dubai's GDP which increases at an incremental level per year. Vision 2022-25 aims to achieve its targets by focusing on five key objectives:

(a) maintaining Dubai's leadership position in its core tourist markets across the Middle East and South Asia, investing and growing its share in high-volume tourist markets, including Western Europe, Russia and China, diversifying into high-potential markets in Eastern Europe, Central Asia and Africa, and capitalising on transit traffic through Dubai to capture greater share in long-distance markets including the Americas and Australia;

(b) offering "only in Dubai" experiences that are tailored to Dubai's core tourist segments, including millennials, families, retirees and business travellers;

(c) enhancing global attractiveness as a business hub for multinationals, small and medium-sized enterprises and start-ups, as well as corporate events; and

(d) delivering an agile and responsive tourist ecosystem through active knowledge sharing and collaborative idea generation.

The Dubai 2040 Urban Master Plan

The Dubai 2040 Urban Master Plan (the **Master Plan**) approved in March 2021 maps out a comprehensive plan for the sustainable urban development of Dubai and modernisation of Dubai's urban infrastructure. The key objectives and desired outcomes of the Master Plan include:

(a) upgrading of Deira and Bur Dubai, Downtown and Business Bay, Dubai Marina, JBR, Expo 2020 Centre and Dubai Silicon Oasis Centre areas;

(b) doubling green and leisure areas to provide a healthy environment to residents and visitors;

(c) providing sustainable and flexible means of mobility;

(d) fostering greater economic activity and attracting foreign investment to new sectors;

(e) enhancing environmental sustainability;

(f) safeguard Dubai's cultural and urban heritage and strengthening citizens' attachment to older neighbourhoods;

(g) increasing the land area for hotels and tourist activities by 134 per cent.;

(h) increasing length of Dubai's public beaches by 400 per cent; and

(i) establishing a number of green corridors to link service areas, residential areas and workplaces.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions). *Words and expressions defined in the Transaction Documents shall have the same meanings in this summary.*

Sale and Purchase Agreements

A sale and purchase agreement will be entered into on the Issue Date between (i) the Trustee (in its capacity as purchaser) and Front Line (in its capacity as seller); and (ii) the Trustee (in its capacity as purchaser) and Royal Crown Properties LLC (in its capacity as seller) and each will be governed by the laws of the Emirate of Dubai and, to the extent applicable to the Emirate of Dubai, the federal laws of the UAE.

Pursuant to the Sale and Purchase Agreements, each of Front Line and Royal Crown Properties LLC (in their respective capacities as sellers) shall sell to the Trustee (in its capacity as purchaser), and the Trustee shall purchase from each of Front Line and Royal Crown Properties LLC, respectively, all of its rights, title, interests, benefits and entitlements in, to and under the relevant Assets at the relevant Purchase Price.

Ijara Agreement

The Ijara Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Lessor), Front Line (in its capacity as Lessee) and the Delegate and will be governed by laws of the Emirate of Dubai and, to the extent applicable to the Emirate of Dubai, the federal laws of the UAE.

Pursuant to the Lease Agreement, the Lessor will agree to lease to the Lessee, and the Lessee will agree to lease from the Lessor, the Lease Assets for the Lease Period commencing on the lease commencement date (which shall be the Issue Date) and extending to the Scheduled Dissolution Date (unless the Lease Agreement is terminated earlier in accordance with its terms or extended in accordance with the Purchase Undertaking).

On each Lease Payment Date, the Lessor or its agent shall send a Lease Renewal Notice to the Lessee. Such Lease Renewal Notice shall be irrevocable and the Lessee will agree that, unless it rejects such notice on such day when such Lease Renewal Notice is delivered (in which case it will acknowledge that it will be in breach of its undertaking to lease the Lease Assets from the Lessor for the Lease Period), it will be deemed to have accepted each such Lease Renewal Notice as and when delivered in accordance with the terms of the Ijara Agreement. Where there is any delay or failure by the Lessor in delivering a Lease Renewal Notice, the Lease Payment for the relevant Lease Rental Period shall accrue at the same rate as the Lease Payment for the preceding Lease Rental Period.

On each Lease Payment Date during the Lease Period, the Lessee shall pay to the Lessor an amount equal to the sum of: (i) the Lease Profit Element in respect of such Lease Payment Date; and (ii) the Lease Service Amount in respect of such Lease Payment Date, less the relevant Profit Amount Instalment payable in accordance with the terms of the Murabaha Agreement.

The Lessee shall make all Lease Payments by crediting the Collection Account no later than 10:00 am. (London time) on the relevant Lease Payment Date. The Lessee shall pay or cause to be paid all Taxes (other than taxes, if any, payable on the overall income of the Lessor and ownership taxes) on or in connection with the payment of any and all amounts due under the Ijara Agreement.

If a Total Loss Event occurs with respect to the Lease Assets, then, without prejudice to any right or remedy the Trustee (in its capacity as Lessor) may have under any Transaction Document or by law, the Ijara Agreement and the Lease shall automatically terminate, and further Lease Payments shall cease to be due under the Ijara Agreement on the date of occurrence of the Total Loss Event, except that such termination will not occur where the Lease Assets have been replaced pursuant to the Service Agency Agreement (and provided the Ijara Agreement has been amended in accordance with its terms to reflect the Replacement Lease Assets by the 60th day following such Total Loss Event) and the Trustee (in its capacity as Lessor) will be entitled to all proceeds of the Insurances payable as a result of the Total Loss Event.

The Ijara Agreement will provide that if a Partial Loss Event occurs with respect to any of the Lease Assets and provided that:

(a) the Lease Assets have not been replaced pursuant to the Service Agency Agreement, and a Partial Loss Termination Notice on the 61st day after the Partial Loss Event Date has been delivered by the Lessee to the Lessor within a period of 30 days after the Partial Loss Event Date; or

(b) the Lease Assets have not been replaced pursuant to the Service Agency Agreement,

without prejudice to any right or remedy that the Trustee (in its capacity as Lessor) may have under any Transaction Document or by law, the Lease shall automatically terminate on the 61st day after the Partial Loss Event Date and further Lease Payments shall cease to be due under the Ijara Agreement on such 61st day after the Partial Loss Event Date subject to the Lessee's right to make a Lease Payment Reimbursement Request in accordance with the provisions of the Ijara Agreement and the Lessor will be entitled to all proceeds of the Insurances payable as a result of the Partial Loss Event.

If the Lessee does not issue a Partial Loss Termination Notice within 30 days of the Partial Loss Event Date, or it expressly waives such right, it shall not be entitled to exercise such right thereafter.

By no later than the 31st day after the Partial Loss Event Date, the Lessee may request a proportionate reduction in Lease Payment by way of reimbursement of the Lease Payment applicable to the period from and including the Partial Loss Event Date to but excluding the earlier of: (a) the relevant Replacement Date; and (b) the 61st day after the Partial Loss Event Date to take into account the impairment suffered in relation to the Impaired Lease Assets, provided that the Partial Loss Event relating to such Impaired Lease Assets has not arisen as a result of the Lessee's negligence or misconduct. If a Lease Payment Reimbursement Request is made in accordance with the provisions of the Ijara Agreement, the Lessor shall procure the payment of the Lease Payment Reimbursement Amount by the Servicing Agent (on its behalf) to the Lessee from: (i) the proceeds of any Insurances paid in accordance with the Service Agency Agreement; and/or (ii) (to the extent the proceeds of such Insurances (if any) are insufficient) any Loss Shortfall Amount paid in accordance with the Service Agency Agreement, on the 61st day after the Partial Loss Event Date. If the Lessee does not make a Lease Payment Reimbursement Request before the 31st day after the Partial Loss Event Date, or it expressly waives such right, it shall not be entitled to exercise such right thereafter.

If, following a Partial Loss Event, the Lease is not terminated pursuant to the Ijara Agreement and whether or not a Lease Payment Reimbursement Request is made, then the terms of the Lease and the Ijara Agreement, including the amount of Lease Payment, shall continue on the same terms which applied prior to the occurrence of the Partial Loss Event.

Under the Ijara Agreement, the Lessee will agree to be responsible, at its own cost and expense, for the performance of all Ordinary Maintenance and Repair required for any Lease Asset. The Lessor shall be responsible for: (i) the performance of all major maintenance and structural repair; and (ii) insuring the Lease Assets in accordance with the Service Agency Agreement, and the Lessee will acknowledge that the Lessor may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Service Agency Agreement, shall perform, or shall procure the performance of, the major maintenance and structural repair, the payment of such taxes and the Insurance of the Lease Assets, on behalf of the Lessor.

Service Agency Agreement

The Service Agency Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Lessor) and Front Line (in its capacity as the Servicing Agent) and will be governed by English law.

Pursuant to the Service Agency Agreement, the Trustee (in its capacity as Lessor) shall appoint the Servicing Agent as its agent to provide the Services during the Lease Period.

During the Lease Period, the Servicing Agent, acting as the agent of the Trustee, shall have complete discretion, authority, power and right if it so elects:

(a) to enter into contractual arrangements with approved sub-contractors and consultants in order to assist it in performing the Services and its other obligations under the Service Agency Agreement;

(b) to enter into, make and perform all agreements and other undertakings as may in the reasonable opinion of the Servicing Agent be necessary or advisable or incidental to the carrying out of the Services pursuant to the Service Agency Agreement; and

(c) to the extent necessary to enable it properly to exercise its rights and carry out its duties under the Service Agency Agreement, to act for the Lessor and on the Trustee's behalf in the same manner and with the same force and effect as the Lessor might or could do.

The Servicing Agent will undertake to the Lessor that, wherever applicable, the Servicing Agent (in any capacity) shall carry out, and be responsible for, all Major Maintenance (if any is required) in respect of the Lease Assets and in doing so the Servicing Agent shall:

(a) ensure that accurate and current records are kept of all Major Maintenance activities;

(b) conduct regular and proper inspections of the Lease Assets and ensure that Major Maintenance is carried out with the proper quality of materials and workmanship; and

(c) ensure that Major Maintenance is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from an independent prudent person carrying on business and operations similar to that of the Servicing Agent on an arm's length basis and in order to fully maintain the Value of the Lease Assets.

The Servicing Agent will irrevocably undertake with the Lessor that the Servicing Agent, on behalf of the Trustee, will:

(a) be responsible for ensuring that the Lease Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets, and accordingly, shall effect the Insurances through brokers and with such reputable insurance companies in good financial standing, including against each Loss Event. The Servicing Agent will undertake to ensure that the insured amount relating to each Loss Event will, at all times, be at least equal to the Full Reinstatement Value;

(b) promptly make a claim in respect of each loss relating to the Lease Assets in accordance with the terms of the Insurances and diligently pursue such claim;

(c) ensure that, in the event of a Loss Event occurring, unless such Lease Assets are replaced pursuant to the Service Agency Agreement, all proceeds of any Insurances against a Loss Event are in an amount equal to the Full Reinstatement Value and are credited (or equivalent) in U.S. dollars to the Collection Account by no later than the 60^{th} day after the occurrence of the Total Loss Event and that the insurer(s) will be directed accordingly; and

(d) if within 60 days of the Issue Date and for any reason, the Servicing Agent is not in compliance with paragraph (a) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof.

The delivery of the notice to the Trustee and/or the Delegate in relation to non-compliance with paragraph (a) above shall constitute a Guarantor Event.

If, a Loss Event has occurred and if:

(a) the notice has not been delivered by the Servicing Agent to the Trustee and the Delegate prior to the occurrence of such Loss Event;

(b) the Lease Assets have not been replaced in accordance with the Service Agency Agreement; and

(c) the amount (if any) credited (or equivalent) to the Collection Account is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited (or equivalent) to the Collection Account being the Loss Shortfall Amount), then the Servicing Agent will undertake to: (1) transfer the amounts (if any) credited to the Collection Account pursuant to paragraph (c) above; and (2) pay (in same day, freely transferable, cleared funds) the Loss Shortfall Amount directly, in each case to the Transaction Account by no later than close of business in London on the 61st day after the occurrence of the Loss Event. Subject to transferring such amounts (if any) credited to the Collection Account pursuant to paragraph (c) above and paying such Loss Shortfall Amount in accordance with this paragraph, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations.

The Servicing Agent shall use its reasonable endeavours to ensure that any Insurances procured in accordance with the terms of the Service Agency Agreement will, to the extent available on commercially viable terms, be obtained on a *takaful* basis. If no such *takaful* Insurance is available on commercially viable terms then the Servicing Agent must procure conventional insurance.

The Service Agency Agreement will provide that if the proceeds of the Insurances paid and standing to the credit of the Transaction Account are insufficient to pay the Lease Payment Reimbursement Amount and a shortfall remains in the amount of Lease Payment Reimbursement Amount to be paid, the Servicing Agent may either:

(a) provide Shari'a compliant funding itself; or

(b) procure Shari'a compliant funding from a third party, in each case, to the extent necessary to ensure that the Lessor is able to pay the Lease Payment Reimbursement Amount on the Partial Loss Event Reimbursement Date and on terms that such funding is payable on the relevant Dissolution Date on which the Certificates are redeemed in full.

The Service Agency Agreement will provide that if, on the occurrence of a Loss Event (other than in respect of a Partial Loss Event where a Partial Loss Termination Notice has been delivered pursuant to the Ijara Agreement), the Servicing Agent receives notice from Front Line that replacement Eligible Assets (being the Replacement Lease Assets): (a) that are free from all claims, encumbrances and any other rights of third parties, and (b) the aggregate value as at the Replacement Date of which is not less than the aggregate Value of the Replacement Lease Assets, are available on or before the 30th day after the occurrence of the Loss Event, the Servicing Agent shall notify the Trustee of the same. Immediately following such notice, the Trustee may subject to, and pursuant to a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement purchase such Replacement Lease Assets from the relevant seller(s) by way of payment by the Servicing Agent on behalf of the Trustee of the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the relevant seller(s), in consideration for the sale, transfer and conveyance by the relevant seller(s) of the Replacement Lease Assets to the Trustee.

The Service Agency Agreement will also provide that the Servicing Agent shall ensure that the Tangible Asset Ratio shall at all times remain more than 50 per cent. and the Servicing Agent shall be permitted to take any steps as may be required to maintain such Tangible Asset Ratio and, if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Loss Event, falls:

(a) to 50 per cent. or less (but is 33 per cent. or more), the Servicing Agent shall take any and all steps (in consultation with the Shari'a Adviser) as may be required to ensure such Tangible Asset Ratio is restored to more than 50 per cent. within the time period determined by the Shari'a Adviser; and

(b) to less than 33 per cent. (such event being a Tangibility Event) within ten Business Days of the Servicing Agent becoming aware of the Tangibility Event occurring, the Servicing Agent shall send a Tangibility Event Lessor Notice notifying the Lessor and the Delegate of such occurrence and requesting the Lessor to promptly deliver a Tangibility Event Notice to the Certificateholders in accordance with Condition 18 specifying:

    (i) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

    (ii) that as determined in consultation with the Shari'a Adviser, the Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);

    (iii) on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to trading or if such date is not a business day, the next following business day (business day being, for this purpose, a day on which the stock exchange on which the Certificates are admitted to trading is open for business); and

(iv) the Tangibility Event Put Period, during which period any Certificateholder shall have the option to require the redemption of all or any of its Certificates.

The Servce Agency Agreement will provide that the Servicing Agent shall maintain a Collection Account (being a book-entry ledger account), denominated in U.S. dollars. All Lease Payments (payable pursuant to the Ijara Agreement) and any Profit Amount Instalments (payable pursuant to the Murabaha Agreement) will be recorded in the Collection Account. Any amounts standing to the credit (or equivalent) of the Collection Account will be applied by the Servicing Agent on behalf of the Lessor on the Business Day immpediately prior to each Periodici Distribution Date in payment into the Transaction Account of an amount equal to the Required Payment. The Service Agency agreement will further provide that the Servicing Agent may deduct amounts standing to the credit of the Collection Account corresponding to Lease Payments and Profit Amount Instalments (and excluding any proceeds of Insurance, Commodity Purchase Price and/or sale or disposal proceeds of the Lease Assets standing to the credit of the Collection Account) at any time during the Lease Period and use such amounts for its own account, provided that it shall immediately re-credit (or equivalent) all such amounts to the Collection Account (for on-payment to the Transaction Account) if, on the Business Day immediately prior to a Periodic Distribution Date, so required to fund a shortfall between: (a) the amount standing to the credit of the Transaction Account; and (b) the Required Amount payable on such Periodic Distribution Date, or upon the occurrence of a Dissolution Event or a Loss Event. Following payment in full 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 redeemed), the Servicing Agent shall be entitled to retain any remaining amount standing to the credit of the Collection Account for its own account as an incentive payment for acting as Servicing Agent.

Purchase Undertaking

The Purchase Undertaking will be executed on the Issue Date by Front Line (in its capacity as Lessee) as a deed in favour of the Lessor and the Delegate and will be governed by English law.

Provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Lease Assets have been replaced pursuant to the Service Agency Agreement), the Lessee will irrevocably grant to the Lessor and the Delegate the right to require the Lessee to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets (or the applicable proportion thereof, as the case may be) upon the Lessor or the Delegate (on behalf of the Trustee) exercising its option thereunder and delivering an Exercise Notice to the Lessee in accordance with the terms of the Purchase Undertaking, on the Scheduled Dissolution Date or, if earlier, on the Dissolution Event Redemption Date or the Change of Control Put Right Date or the Tangibility Event Put Right Date at the Exercise Price or the Change of Control Exercise Price or the Tangibility Event Certificateholder Put Right Exercise Price, as the case may be.

The Exercise Price, Tangibility Event Certificateholder Put Right Exercise Price or the Change of Control Exercise Price (as the case may be) payable by the Lessee shall be equal to the aggregate face amount of the Certificates then outstanding or the Certificates to be redeemed on the Dissolution Event Redemption Date, Tangibility Event Put Right Date or the Change of Control Put Right Date, as the case may be, plus all due but unpaid Periodic Distribution Amounts (if any) relating to such Certificates plus, without duplication or double counting, if all of the Certificates are being redeemed in full, an amount equal to any Lease Service Amount as at such date, any amount equal to the sum of any outstanding amounts payable in respect of the Liquidity Facility and any other amount accrued, unpaid and payable on that date by the Lessor under the Service Agency Agreement) under the Transaction Documents to which it is a party, provided that, in the case of any amounts payable pursuant to Condition 5.2(a) the Lessee has received notification from the Delegate of such amounts by not later than the third Business Day prior to the date on which the Exercise Notice is delivered; less the aggregate amounts of Deferred Sale Price (or the applicable proportion thereof, as the case may be) then outstanding, if any; less, in the case of the Exercise Price only, in the case of a Dissolution Event arising as a result of a Partial Loss Event only, any proceeds of Insurance and/or Loss Shortfall Amount paid in respect of a Partial Loss Event in accordance with the terms of the Service Agency Agreement and standing to the credit of the Transaction Account less any (i) amount of Lease Payment Reimbursement Amount; or (ii) other reimbursement or refund of rental, in each case paid or payable in accordance with the terms of the Ijara Agreement;

The Lessee will undertake in the Purchase Undertaking that it shall irrevocably and unconditionally fully accept all or any ownership interest the Lessor may have in the Lease Assets, the Tangibility Event Certificateholder Put

Right Lease Assets or the Change of Control Put Right Lease Assets and, accordingly, shall not dispute or challenge all or any ownership of interest that the Lessor may have in the Lease Assets, the Tangibility Event Certificateholder Put Right Lease Assets or the Change of Control Put Right Lease Assets, as the case may be, in any way.

The Lessee will further undertake in the Purchase Undertaking that if, at the time of delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Lessee remains in actual or constructive possession, custody or control of all or any part of the Lease Assets, the Tangibility Event Certificateholder Put Right Lease Assets or the Change of Control Put Right Lease Assets, as the case may be, and if, following delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Exercise Price, the Tangibility Event Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, the Lessee shall (as an independent, severable and separately enforceable obligation) fully indemnify the Lessor for the purpose of redemption in full of the Certificates then outstanding or the Tangibility Event Certificateholder Put Right Trust Certificates or the Change of Control Put Right Trust Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Tangibility Event Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be.

The Lessee will further undertake in the Purchase Undertaking that if it fails to pay all or part of any Exercise Price, the Tangibility Event Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be, that is due in accordance with the terms of the Purchase Undertaking and provided that a Sale Agreement has not been entered into in accordance with the terms of the Purchase Undertaking, the Lessee will, unconditionally and automatically (without the necessity for any notice or any other action), continue to lease the Lease Assets from the Lessor and act as servicing agent in respect of the Lease Assets with effect from the date immediately following the due date for payment of the Outstanding Exercise Price on the terms and conditions of the Ijara Agreement and the Service Agency Agreement, save that (i) Lease Payments shall accrue on a daily basis in respect of the period from, and including, such date to, but excluding, the date on which the Outstanding Exercise Price is paid in full at the applicable rate as provided in the Ijara Agreement, and (ii) no prior notification of such rate need be given to the Lessee.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking will be executed on the Issue Date by the Trustee as a deed in favour of Front Line and will be governed by English law.

Provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Lease Assets have been replaced pursuant to the Service Agency Agreement), the Trustee will irrevocably grant to Front Line the right to require the Trustee to sell, transfer and/or convey all of its rights, title, interests, benefits and entitlements in, to and under the Lease Assets to Front Line upon Front Line exercising its option thereunder and delivering an Exercise Notice to the Trustee in accordance with the terms of the Sale and Substitution Undertaking, on the Early Tax Dissolution Date, the Clean Up Call Right Dissolution Date, the General Clean Up Call Dissolution Date or the Optional Call Right Dissolution Date (as the case may be) at the Exercise Price.

In addition, under the terms of the Sale and Substitution Undertaking, if at any time the Lessee wishes to cancel any Certificates purchased pursuant to Condition 8.11, Front Line may, by exercising its option under the Sale and Substitution Undertaking and by delivering a Cancellation Notice to the Trustee in accordance with the terms of the Sale and Substitution Undertaking, oblige the Trustee to transfer all of its rights, title, interests, benefits and entitlements in, to and under the Cancelled Lease Assets to Front Line in consideration for which the Certificates purchased shall be cancelled subject to certain conditions set out in the Sale and Substitution Undertaking. Following such transfer, the Trustee shall forthwith surrender to the Registrar the relevant Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date.

Furthermore, pursuant to the terms of the Sale and Substitution Undertaking, the Trustee will grant to Front Line the right to require the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Substituted Lease Assets to it in exchange for the sale to the Trustee of New Lease Assets subject to certain conditions set out in the Sale and Substitution Undertaking.

Murabaha Agreement

The Murabaha Agreement will be entered into on the Issue Date between the Trustee (in its capacity as seller), Damac Real Estate Development Limited (in its capacity as purchaser) and the Delegate and will be governed by English law.

Pursuant to the Murabaha Agreement, the Seller shall, on receipt of a purchase order from the Purchaer in accordance with the terms of the Murabaha Agreement, purchase certain commodities on the Issue Date. Following the purchase of the commodities by the Seller, and provided that the Seller has acquired title thereto and actual or constructive possession thereof, the Seller shall deliver to the Purchaser by no later than the Issue Date a letter of offer and acceptance indicating the Seller's acceptance of the terms of the purchase order made by the Purchaser and detailing the terms of the offer for the sale of the commodities by the Seller to the Purchaser on the Issue Date.

Pursuant to the Murabaha Agreement, the Purchase may accept the terms of, countersign and deliver to the Seller any letter of offer and acceptance delivered to it in accordance with the Murabaha Agreement and, if it countersigns the letter of offer and acceptance shall irrevocably and unconditionally (as a result of the Seller having acted on the request of the Purchaser set out in the purchase order) purchase from the Seller the commodities acquired by the Seller for the Deferred Sale Price in accordance with the terms of the Murabaha Agreement.

As soon as the Purchaser has countersigned the letter of offer and acceptance, a murabaha contract shall be created between the Seller and the Purchaser upon the terms of the letter of offer and acceptance and incorporating the terms and conditions set out in the Murabaha Agreement, and ownership and acquisition of title to the relevant commodities and all risks in and to the relevant commodities shall immediately pass to and be vested in the Purchaser, together with all rights and obligations relating thereto.

Guarantee

The Guarantee will be executed on the Issue Date by the Guarantor as a deed in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Guarantee, the Guarantor will irrevocably and unconditionally, in each case in favour of the Trustee and the Delegate:

(a) guarantee (without double-counting), and only to the extent of a Distribution Shortfall Restoration Amount and/or a Value Restoration Amount (as the case may be), the due and punctual performance by each Damac Counterparty of all of its obligations under the Transaction Documents to which it is a party;

(b) undertake, as a separate, independent and primary obligation, to pay to the Trustee, immediately on receipt of a Payment Notice from the Trustee or the Delegate, the Distribution Shortfall Restoration Amount (if any) specified in that Payment Notice by depositing the same in the Transaction Account;

(c) undertake, as a separate, independent and primary obligation, to pay to the Trustee, immediately upon receipt of a Payment Notice from the Trustee to the Delegate, the Value Restoration Amount (if any) specified to in that Payment Notice by depositing the same in the Transaction Account; and

(d) agree as a separate, independent and primary obligation that, to the extent that any amount claimed under paragraphs (a) to (c) above is not recoverable from the Guarantor on the basis of a guarantee, then the Guarantor will be liable (but without double-counting) as a principal debtor and primary obligor to indemnify the Trustee immediately on demand against any actual cost (excluding cost of funding), actual loss (excluding opportunity loss) or liability: (i) incurred as a result of any Damac Counterparty failing to pay any amount expressed to be payable by it under a Transaction Document to which it is a party when it was expressed to be due; and/or (ii) incurred as a result of the sale and purchase or transfer and assignment of any Trust Assets not being effective or valid in any jurisdiction for any reason whatsoever or as a result of any obligation guaranteed by it being or becoming unenforceable, invalid or illegal.

The Guarantee will constitute a general unsecured obligation of the Guarantor, granted in favour of the Trustee and the Delegate. The Guarantee will not contain any provisions limiting the recourse of the Trustee or the

Delegate to the Guarantor for any due but unpaid Distribution Shortfall Restoration Amounts or Value Restoration Amounts.

Declaration of Trust

The Declaration of Trust will be entered into on the Issue Date between the Trustee, the Guarantor, Front Line and the Delegate as a deed and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets comprise: (i) the cash proceeds of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (ii) all of the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Trust Assets; (iii) all of the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by the Guarantor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 8.1 of the Declaration of Trust); (iv) all moneys standing to the credit of the Transaction Account from time to time; and (v) all proceeds of the foregoing.

The Declaration of Trust shall provide that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available therefor from the Trust Assets, subject to the priority of payments set out in the Declaration of Trust. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) or any other person to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

(a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the provisions of the Declaration of Trust and the Conditions; and

(b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Declaration of Trust and the Conditions.

In the Declaration of Trust, the Trustee shall irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), trusts, 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 Declaration of Trust and the Conditions. The appointment of such delegate by the Trustee is intended to be for the benefit of the Delegate and the Certificateholders.

In the Declaration of Trust, the Guarantor shall undertake to the Trustee and the Delegate that (i) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the Guarantor, Front Line or Royal Crown Properties LLC remains in actual or constructive possession, custody or control of all or any part of the Lease Assets, the Tangibility Event Certificateholder Put Right Lease Assets or the Change of Control Put Right Lease Assets, as the case may be, and (ii) if, following the delivery of such Exercise Notice in accordance with the provisions of Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the relevant Exercise Price, the Tangibility Event Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, Damac or Front Line, as the case may be, shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding, the Tangibility Event Certificateholder Put Right Trust Certificates or the Change of Control Put Right Trust Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Tangibility Event Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be.

Pursuant to the Declaration of Trust, upon the occurrence and continuation of a Dissolution Event, and upon receiving notice thereof under the Declaration of Trust, the Delegate shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders and may, or shall, if so requested in writing by Certificateholders holding at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Trustee, the Guarantor and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. Upon payment in full of such amounts and the dissolution of the trust constituted by the Declaration of Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof. If, following a Dissolution Event, any amount payable in respect of the Certificates has not been paid in full, the Trustee or the Delegate, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall (if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution): (i) enforce the provisions of the Guarantee against the Guarantor; and/or (ii) take other actions, steps or proceedings to recover amounts due to the Certificateholders.

The Declaration of Trust will specify that the Trustee may from time to time (but subject always to the provisions of the Declaration of Trust and the Conditions), without the consent of the Certificateholders, create and issue additional Certificates having the same terms and conditions as the outstanding Certificates (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. Any additional Certificates which are to be so created and issued so as to form a single series with the outstanding Certificates shall be constituted by a Supplemental Declaration of Trust in relation to which all applicable stamp duties or other documentation fees, duties or taxes shall have been paid and, if applicable, duly stamped and containing such other provisions as are necessary (including making such consequential modifications to the Declaration of Trust) in order to give effect to the issue of such additional Certificates.

Agency Agreement

The Agency Agreement will be entered into on the Issue Date between the Trustee, the Guarantor, the Delegate, the Principal Paying Agent, the Registrar and the Transfer Agent and will be governed by English law.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and the Guarantor and has agreed, amongst other things, to authenticate and deliver the Global Certificate and, if any, each Definitive Certificate, the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, *inter alia*, to pay all sums due under such Global Certificate; and the Transfer Agent has agreed to be appointed as agent of the Trustee and the Guarantor and has agreed, amongst other things, 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, the Registrar will: (i) authenticate the Global Certificate in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificate to the Common Depositary.

The Guarantor shall cause to be deposited into the Transaction Account opened by the Trustee with the Principal Paying Agent, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the redemption of the Certificates, apply the monies standing to the credit of the Transaction Account in accordance with the order of priority set out in the Declaration of Trust.

Shari'a Compliance

Each Transaction Document to which it is a party provides that each of Alpha Star Holding VII Limited, Front Line Investment Management L.L.C and Damac Real Estate Development Limited 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.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates as in effect on the date of this Offering Circular and is subject to any change in law or relevant fiscal rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax considerations relating to the Certificates and does not constitute legal or tax advice. Prospective purchasers of the Certificates should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Dubai International Financial Centre and the United Arab Emirates of acquiring, holding and disposing of Certificates and receiving payments under the Certificates.

United Arab Emirates and the DIFC

DIFC

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the **DIFC Law**), entities licenced, registered or otherwise authorised to carry on financial services in the Dubai International Financial Centre 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 Dubai International Financial Centre. 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 Dubai International Financial Centre tax, whether by withholding or otherwise.

The Emirate of Dubai and the United Arab Emirates

There is currently in force in the Emirate of Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments to be made by the Guarantor pursuant to the Transaction Documents to which it is a party.

If any such withholding or deduction is required to be made in respect of payments due by the Guarantor under the Transaction Documents to which it is a party, the Guarantor has undertaken in the Transaction Documents to which it is a party to gross-up the payments due by it accordingly. If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates: (i) the Trustee has undertaken to gross-up the payment(s) accordingly (subject to certain limited exceptions as described in Condition 10); and (ii) the Guarantor has undertaken under the Declaration of Trust to pay such additional amounts to the Trustee to enable the Trustee to discharge such obligation.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future. The UAE has entered into "Double Taxation Arrangements" with certain other countries.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) 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 the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the 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 the 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

Trust Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Prospective holders of the Certificates should consult their own tax advisers regarding how these rules may apply to their investment in the Certificates.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the **Subscription Agreement**) dated 26 April 2023 between the Trustee, the Guarantor, Front Line Investment Management L.L.C (**Front Line**) and Abu Dhabi Commercial Bank PJSC, Deutsche Bank Aktiengesellschaft, Emirates NBD Bank P.J.S.C., J.P. Morgan Securities plc, Dubai Islamic Bank PJSC and Mashreqbank psc (acting through its Islamic Banking Division) (together, the **Joint Lead Managers**), the Trustee has agreed to issue and sell to the Joint Lead Managers U.S.$400,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers have jointly and severally agreed to subscribe for the Certificates.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to pay for and accept delivery of the Certificates are subject to the approval of certain legal matters by their counsel and certain other conditions. The Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. The Joint Lead Managers will also be reimbursed in respect of certain of their expenses, and each of the Trustee, the Guarantor and Front Line has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue and offering of the Certificates.

The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Certificates, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the issuance of the Certificates may not be completed. Investors will have no rights against the Trustee, the Guarantor or the Joint Lead Managers in respect of any expense incurred or loss suffered in these circumstances.

Certain Joint Lead Managers may retain a certain proportion of such Certificates in their portfolios with an intention to hold to maturity and/or to trade. The holding of Certificates by these parties may adversely affect the liquidity of the Certificates and any sale of a material number of such Certificates in the future may also affect the prices of the Certificates in the secondary market. See "*Risk Factors–Risks Relating to the Certificates and the Guarantee–Absence of secondary market / limited liquidity*".

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage in, investment banking and/or commercial banking transactions with, and may provide services to the Guarantor and/or its affiliates in the ordinary course of business.

Selling Restrictions

United States

The Certificates (including the Guarantee in respect thereof) have not been and will not be registered under the Securities Act, 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 the registration requirements of the Securities Act.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

The Certificates are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. Until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection with the issue or sale of any Certificate in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Guarantor; and

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

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the DIFC unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (Version 21/01-23) (MKT) Module of the DFSA rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the 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 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority (**CMA**) resolution number 3-123-2017 dated 27 December 2017 as amended by CMA resolution number 8-5-2003 dated 18 January 2023 (the **KSA Regulations**), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 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 "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of the Certificates by it to a Saudi Investor will be made in compliance with Articles 8(a)(1) or 9 of the KSA Regulations.

The 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 14 of the KSA Regulations.

Kingdom of Bahrain

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "accredited investor" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more excluding that person's principal place of residence;

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

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

(d) any other entity which is an "accredited" investor as defined in the Central Bank of Bahrain Rulebook.

State of Qatar (including the Qatar Financial Centre)

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, 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; and

(b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong by means of any document, any Certificates other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the SFO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 revised edition) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(2) of the SFA) under 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 provisions of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative 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:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivative Contracts) Regulations 2018.

Malaysia

Each Joint Lead Manager has represented and agreed that:

(a) this Offering Circular has not been registered as a Offering Circular with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the **CMSA**); and

(b) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part 1 of Schedule 6 (or Section 229(1)(b)), Part 1 of Schedule 7 (or Section 230(1)(b)) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Joint Lead Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

General

Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in force in any jurisdiction in which it acquires, offers, sells or delivers Certificates or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates and will obtain any consent, approval or permission required by it for the acquisition, offer, sale or delivery by it of any Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes such acquisition, offer, sale or delivery and none of the Trustee, the Delegate, the Agents or any of the other Joint Lead Managers shall have any responsibility therefor.

None of the Trustee, the Guarantor, the Delegate, the Agents or any Joint Lead Manager has: (i) made any representation that any action will be taken in any jurisdiction that would permit a public offering of the Certificates, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates, in any country or jurisdiction where action for that purpose is required; or (ii) represented that Certificates may at any time be lawfully sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

GENERAL INFORMATION

Approval of the Offering Circular, Admission to Trading and Listing of Certificates

Application has been made to Euronext Dublin for the Certificates to be admitted to the Official List and to trading on the GEM.

The GEM is not a regulated market for the purposes of MiFID II. It is expected that the listing of the Certificates on the Official List and admission of the Certificates to trading on the GEM will be granted on or around 27 April 2023. The total expenses related to the admission to trading on the GEM are estimated to be €8,540.

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation to the Certificates and is not itself seeking admission of the Certificates to the Official List or to trading on the GEM.

Authorisation

The issue of the Certificates has been duly authorised by a resolution of the Board of Directors of the Trustee dated 7 April 2023. Alpha Star Holding VII Limited, in its capacity as Trustee, has obtained all necessary consents, approvals and authorisations in the DIFC in connection with the issue and performance of the Certificates and the execution and performance of the Transaction Documents to which it is a party. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the Transaction Documents; the entry into and performance of the Transaction Documents to which the Guarantor is a party was duly authorised by a written resolution of the Board of Directors of the Guarantor dated 11 April 2023. The Servicing Agent has obtained all necessary consents, approvals and authorisations in connection with the Transaction Documents to which it is a party; the entry into and performance of the Transaction Documents to which the Servicing Agent is a party was duly authorised by a resolution of the Manager of the Servicing Agent dated 5 April 2023.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) under Common Code 261558351 and ISIN XS2615583510. The Classification of Financial Instrument (**CFI**) code is DAVNFR and the Financial Instrument Short Name (**FISN**) code is ALPHA STAR HOLD/VARASST BKD 2026042, in each case as updated, each as set out on the website of the Association of National Numbering Agencies (**ANNA**), as updated, or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, LI 855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Guarantor or the Group since 31 December 2022, and no material adverse change in the prospects of the Guarantor or the Group since 31 December 2022. There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case since the date of its incorporation.

Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

The Guarantor has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) during the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Guarantor.

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.

Deloitte of P.O. Box 4254, Dubai, UAE, is regulated in the UAE by the UAE Ministry of Economy which has issued Deloitte with a licence to practice as auditors. Deloitte have audited, and delivered unqualified audit reports on, the financial statements of the Group as of and for the years ended 31 December 2022 and 31 December 2021 incorporated by reference in this Offering Circular.

Documents Available

For so long as any Certificates remain outstanding, physical copies (and English translations, which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Principal Paying Agent:

(a) the Memorandum and Articles of Association of the Trustee;

(b) an English translation of the memorandum of association of the Guarantor;

(c) the Transaction Documents;

(d) the Annual Financial Statements; and

(e) a copy of this Offering Circular together with any supplement to this Offering Circular.

Joint Lead Managers transacting with the Trustee and the Guarantor

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage in, investment banking and/or commercial banking transactions with, and may perform services for the Trustee, the Guarantor and their respective affiliates in the ordinary course of business for which they may receive fees.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and facilities) 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 Guarantor and their affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Trustee, the Guarantor and their affiliates routinely hedge their credit exposure to the Trustee, the Guarantor and their affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates. Any such short positions could adversely affect future trading prices of the Certificates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term "affiliates" shall also include parent companies.

Shari'a Approvals

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by each of Khalij Islamic, Sharia Adviser to Deutsche Bank Aktiengesellschaft, the Internal Sharia Supervision Committee of Emirates NBD - Islamic and the Shari'a advisers of J.P. Morgan Securities plc. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles.

TRUSTEE

Alpha Star Holding VII Limited
c/o Walkers Professional Services (Middle East) Limited
Level 14, Burj Daman
Dubai International Financial Centre
PO Box 506513
Dubai
United Arab Emirates

SERVICING AGENT

Front Line Investment Management L.L.C
Office No 2006
Executive Heights
TECOM
Dubai
United Arab Emirates

GUARANTOR

Damac Real Estate Development Limited
Unit 115
Level 1
Park Towers
Dubai International Finance Centre
P. O. Box: 2195
Dubai
United Arab Emirates

DELEGATE

BNY Mellon Corporate Trustee Services Limited
160 Queen Victoria Street,
London
EC4V 4LA
United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street,
London
EC4V 4LA
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside II, Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

JOINT GLOBAL CORDINATORS, JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Deutsche Bank Aktiengesellschaft
Mainzer Landstr. 11-17
60329 Frankfurt am Main
Germany

Emirates NBD Bank P.J.S.C.
c/o Emirates NBD Capital
Level 7-04, ICD Brookfield Place
Dubai International Financial Centre
P.O. Box 506710
Dubai
United Arab Emirates

J.P. Morgan Securities plc
25 Bank Street
London E14 5JP
United Kingdom

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

Abu Dhabi Commercial Bank PJSC
Abu Dhabi Commercial Building
Sheikh Zayed Bin Sultan Street
P.O. Box 939
Abu Dhabi
United Arab Emirates

Dubai Islamic Bank PJSC
P.O. Box 1080
Dubai
United Arab Emirates

Mashreqbank psc (acting through its Islamic Banking Division)
Mashreqbank Global Headquarters
Al Umniyati Street
Burj Khalifa Community
P.O. Box 1250
Dubai
United Arab Emirates

AUDITORS TO THE GUARANTOR

Deloitte & Touche (M.E.)
Building 3, Level 6, Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

IRISH LISTING AGENT

Walkers Listing Services Limited
5th Floor, The Exchange
George's Dock, IFSC
Dublin 1, D01 W3P9
Ireland

LEGAL ADVISERS

To the Guarantor as to
English law, DIFC law and UAE law

Linklaters LLP
Level 12, ICD Brookfield Place
Dubai International Financial Centre
P.O. Box 506516
Dubai
United Arab Emirates

To the Joint Lead Managers as to
English law, DIFC law and UAE law

Allen & Overy LLP
11th Floor
Burj Daman Building
Al Mustaqbal Street
Dubai International Financial Centre
P.O. Box 506678
Dubai
United Arab Emirates

To the Delegate as to English law

Allen & Overy LLP
11th Floor
Burj Daman Building
Al Mustaqbal Street
Dubai International Financial Centre
P.O. Box 506678
Dubai
United Arab Emirates