

IMPORTANT NOTICE

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

Confirmation of Your Representation: By accessing the Base Prospectus you have confirmed to the Issuer, the Arranger and the Dealers that (i) you understand and agree to the terms set out herein, (ii) you are either (a) a person who is outside the United States and that the electronic mail address you have given is not located in the United States, its territories and possessions, or (b) a person that is a Qualified Institutional Buyer (a "**QIB**") within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Arranger and the Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Notes.

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

Restrictions: THE FOLLOWING ELECTRONIC TRANSMISSION MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND TO QIBS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS DOCUMENT CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES DESCRIBED THEREIN.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH REGULATION S OR RULE 144A.

Under no circumstances shall the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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

The Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arranger or the Dealers, any person who controls any of the Issuer, the

Arranger or the Dealers, any director, officer, employee or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Arranger or the Dealers. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BASE PROSPECTUS



GOVERNMENT OF THE EMIRATE OF SHARJAH ACTING THROUGH THE SHARJAH FINANCE DEPARTMENT

Global Medium Term Note Programme

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

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

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

This Base Prospectus has been approved as a base prospectus by the Central Bank of Ireland (the "CBI") as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The CBI only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of Euronext Dublin (the "**Official List**") and to trading on its regulated market (the "**Regulated Market**"). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II and/or which are to be offered to the public in any member state of the European Economic Area (the "**EEA**") (which, for these purposes includes the United Kingdom). The Issuer is an "Exempt Offeror" for the purposes of Article 13(1) of the Markets Law, Dubai International Financial Centre Law No. 1 of 2012 (the "**Markets Law 2012**") of the Dubai Financial Services Authority (the "**DFSA**"). Accordingly, this Base Prospectus has not been approved by the DFSA for the purposes of Articles 14 and 15 of the Markets Law 2012. Application has been made to the DFSA for the Notes to be issued under the Programme to be admitted to the official list of securities maintained by the DFSA (the "**DFSA Official List**") and to Nasdaq Dubai for admission to trading on Nasdaq Dubai. References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been (a) admitted to the Official List and the DFSA Official List, (b) admitted to trading on the Regulated Market and on Nasdaq Dubai and/or (c) another MiFID II regulated market as may be specified in the applicable final terms relating to the relevant Tranche (the "**applicable Final Terms**" or "**Final Terms**"). The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). However, unlisted Notes may also be issued pursuant to the Programme. The Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be (a) listed on the Official List and admitted to trading on the Regulated Market and/or (b) listed on the DFSA Official List and admitted to trading on Nasdaq Dubai (or any other stock exchange). This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

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

The Programme has been rated BBB by S&P Global Ratings Europe Limited ("**S&P**") and Baa2 by Moody's Investors Service, Inc. ("**Moody's**"). Sharjah has been assigned a long- and short-term foreign and local currency sovereign credit rating of BBB by S&P with a negative outlook and a long-term issuer rating of Baa2 by Moody's with a stable outlook. S&P is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**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 CRA Regulation. Moody's is not established in the EEA and has not applied for registration under the CRA Regulation. The ratings assigned by Moody's have been endorsed by Moody's Investors Service Ltd. in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Arranger
HSBC

Dealers

Citigroup
J.P. Morgan

HSBC
Standard Chartered Bank

The date of this Base Prospectus is 9 July 2020.

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms. The information on the websites to which this Base Prospectus refers do not form part of this Base Prospectus and have not been scrutinised or approved by the CBI.

Copies of Final Terms will be available from the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Notes are either (A) not listed on the Official List and neither admitted to trading on the Regulated Market or any other regulated market in the EEA or United Kingdom nor offered in the EEA or United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation or (B) not listed on the DFSA Official List and admitted to trading on Nasdaq Dubai, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, the Principal Paying Agent as to its holding of such Notes and its identity.

None of the Arranger, the Dealers (each as specified under "*Overview of the Programme*") or the Agents (as defined in the "*Terms and Conditions of the Notes*") or their respective affiliates have independently verified the information contained herein. Accordingly, none of the Arranger, the Dealers or the Agents or their respective affiliates accepts any responsibility or liability for and makes no representation, warranty or undertaking, express or implied, as to (i) the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus, (ii) any acts or omissions of the Issuer or any other person in connection with this Base Prospectus or the issue and offering of the Notes or (iii) any other information provided in connection with the Issuer, the Programme, any Notes issued thereunder or their distribution. Each Arranger, Dealer, Agent, and their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any other information provided by the Issuer in connection with the Programme, the Notes or their distribution.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Arranger, the Dealers or the Agents or any of their affiliates that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained in this Base Prospectus, make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its purchase of any Notes should be based upon such investigation as it deems necessary. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Arranger, the Dealers or the Agents or any of their affiliates to any person to subscribe for or to purchase any Notes. None of the Arranger, the Dealers or the Agents undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers or the Agents.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. Without limitation, the Arranger, the Dealers and the Agents expressly do not undertake to review the economic condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Dealers, the Agents and their affiliates do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers, the Agents or any of their affiliates which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the EEA, the Kingdom of Bahrain, the Sultanate of Oman, the Kingdom of Saudi Arabia, State of Qatar (including the Qatar Financial Centre), the UAE (excluding the Dubai International Financial Centre (the "**DIFC**")), the DIFC, the State of Kuwait, Hong Kong, Singapore and Malaysia (and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes) (see "*Subscription and Sale and Transfer and Selling Restrictions*").

This Base Prospectus has been prepared on a basis that any offer of Notes to the public in any member state of the EEA or the United Kingdom (each, a "**Relevant State**") must be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation for such offers of Notes. Accordingly any person making or intending to make an offer of Notes to the public in that Relevant State may only do so in circumstances in which no obligation arises for the Issuer, the Arranger, any Dealer or any of their affiliates to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. None of the Issuer, the Arranger, any Dealer or any of their affiliates have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

No comment is made or advice given by the Issuer, the Arranger, any Dealer or the Agents in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

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

EACH INVESTOR SHOULD CONSULT WITH ITS OWN ADVISERS AS TO THE LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF THE PURCHASE OF ANY NOTES.

U.S. INFORMATION

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

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

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

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

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES APPROVED THIS BASE PROSPECTUS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer

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

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

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Base Prospectus does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base

Prospectus and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

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

NOTICE TO RESIDENTS OF OMAN

The information contained in this Base Prospectus does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74, as amended) (the "**Commercial Companies Law**") or Article 3 of the Capital Market Law of Oman (Royal Decree 80/98, as amended) nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Oman Capital Market Authority (CMA Decision 3/2016). This Base Prospectus will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licensed by the Oman Capital Market Authority to market non- Omani securities in Oman.

This Base Prospectus has not been (and will not be) filed with the Oman Capital Market Authority (except in accordance with Article 139 of the Executive Regulations), the Central Bank of Oman or any other regulatory authority in Oman and neither the Oman Capital Market Authority nor the Central Bank of Oman assumes responsibility for the accuracy and adequacy of the statements and information contained in this Base Prospectus and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

KINGDOM OF SAUDI ARABIA NOTICE

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

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

Any Notes to be issued under the Programme will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar 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 Notes are not and will not be traded on the Qatar Stock Exchange. The Notes 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 State of Qatar.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289)

THE APPLICABLE FINAL TERMS IN RESPECT OF ANY NOTES MAY INCLUDE A LEGEND ENTITLED "SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION" WHICH WILL STATE THE PRODUCT CLASSIFICATION OF THE NOTES PURSUANT TO

SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA"). THE ISSUER WILL MAKE A DETERMINATION AND, PRIOR TO MAKING ANY OFFERING OF NOTES IN SINGAPORE, PROVIDE THE APPROPRIATE WRITTEN NOTIFICATION TO "RELEVANT PERSONS" (AS DEFINED IN SECTION 309A(1) OF THE SFA) IN RELATION TO EACH ISSUE ABOUT THE CLASSIFICATION OF THE NOTES BEING OFFERED FOR PURPOSES OF SECTION 309B(1)(A) AND SECTION 309B(1)(C) OF THE SFA.

IMPORTANT – EEA AND UNITED KINGDOM RETAIL INVESTORS

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Series of Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of any Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made at the time of issue about whether, for the purpose of the Product Governance Rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

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

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained in this Base Prospectus constitute forward-looking statements. Statements that are not historical facts are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or similar terminology. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Emirate of Sharjah*" and "*The Economy of Sharjah*" and other sections of this Base Prospectus.

Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the financial, political or economic condition of Sharjah may vary from that expected, estimated or predicted. Investors are therefore strongly advised to read the sections entitled "*Risk Factors*", and "*The Economy of Sharjah*", which include a more detailed description of the factors that might have an impact on the financial, political or economic condition of Sharjah.

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

STABILISATION

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

BENCHMARKS REGULATION

Amounts payable on Floating Rate Notes issued under the Programme will be calculated by one of LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, SIBOR, EIBOR or SAIBOR as specified in the applicable Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR, EURIBOR and SAIBOR appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). As at the date of this Base Prospectus, the administrators of KIBOR, SHIBOR, HIBOR, KLIBOR, SIBOR and EIBOR are not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, KIBOR and EIBOR do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrators of SHIBOR, HIBOR, KLIBOR and SIBOR are not currently required to obtain authorisation or registration (or, if located outside the European Union and United Kingdom, recognition, endorsement or equivalence).

PRESENTATION OF STATISTICAL INFORMATION

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information (for example information relating to the balance of payments and information under the heading "*Monetary and Financial System*") is only available on a federal basis relating to the entire UAE and investors should note that Sharjah's specific position may differ in material respects from the position at an overall federal level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. Statistical information provided in respect of a certain year may be changed retrospectively in subsequent years when more recent statistical information is published.

Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund (the "**IMF**"). Where such third party information has been so sourced, the source is stated where it appears in this Base Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that Sharjah and/or its agencies believe to be based on reasonable assumptions. Sharjah's official financial and economic statistics are subject to regular internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Base Prospectus may be subsequently adjusted or revised and may differ from previously published financial and economic information. While Sharjah does not expect such revisions to be material, no assurance can be given that material changes will not be made.

Information contained herein that is identified as being derived from a publication of Sharjah or one of its agencies or instrumentalities is included herein on the authority of such publication as an official public document of Sharjah. All other information contained herein with respect to Sharjah is included as an official public statement made on the authority of the Sharjah Finance Department of the Government.

PRESENTATION OF ECONOMIC INFORMATION

Annual information presented in this Base Prospectus is based upon the calendar year (which is the fiscal year for the UAE and Sharjah), unless otherwise indicated. Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Government, including the Department of Statistics and Community Development ("**DSCD**") and Sharjah Finance Department. Some statistical information has also been derived from information publicly made available by third parties such as the UAE Federal Competitiveness and Statistics Authority (formerly the National Bureau of Statistics) (the "**FCSA**") and the UAE Central Bank. Where such third party information has been so sourced, the source is stated where it appears in this Base Prospectus. The DSCD began reporting GDP data for Sharjah for 2017 which differs from GDP and other information for Sharjah reported by the FCSA. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF INFORMATION

Certain Defined Terms and Conventions

References to any individual year are references to a calendar year commencing on 1 January and ending on 31 December in the same year. All references in this document to "**AED**" and "**U.A.E. Dirham**" are to the currency of the UAE; to "**U.S. Dollars**", "**U.S.\$**" and "**\$**" are to the currency of the United States of America. The UAE Dirham has been pegged to the U.S. Dollar since 22 November 1980. The mid-point

between the official buying and selling rates for the UAE Dirham is at a fixed rate of AED3.6725 = U.S.\$1.00. For ease of presentation, certain financial information relating to Sharjah included herein is presented as translated into U.S. Dollars at the U.S. Dollar/AED rates of exchange deemed appropriate by Sharjah. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. Dollars at that or any other rate. References to "**SDR**" are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the rules and regulations of the IMF. References to "**RMB**" are to the lawful currency of the People's Republic of China (the "**PRC**") (which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan). References in this document to "**billions**" are to thousands of millions. References to the "**Government**" are to the Government of the Emirate of Sharjah unless the context otherwise requires. References to "**Sharjah**" and to the "**Emirate**" are to the Emirate of Sharjah. References to the "**UAE**" are to the United Arab Emirates.

Foreign Language

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

CONTENTS

	Page
OVERVIEW OF THE PROGRAMME	1
RISK FACTORS	6
FORM OF THE NOTES	21
APPLICABLE FINAL TERMS	24
TERMS AND CONDITIONS OF THE NOTES	33
USE OF PROCEEDS	73
DESCRIPTION OF THE EMIRATE OF SHARJAH.....	74
THE ECONOMY OF SHARJAH	85
BALANCE OF PAYMENTS AND FOREIGN TRADE.....	100
MONETARY AND FINANCIAL SYSTEM.....	104
PUBLIC FINANCE	116
INDEBTEDNESS	121
BOOK-ENTRY CLEARANCE SYSTEMS	123
TAXATION	127
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS	134
GENERAL INFORMATION	143

OVERVIEW OF THE PROGRAMME

Words and expressions defined in the "Terms and Conditions of the Notes" (the "Conditions") and elsewhere in this Base Prospectus shall have the same meanings in this overview. This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980.

Issuer:	Government of the Emirate of Sharjah acting through the Sharjah Finance Department.
Issuer's Legal Entity Identifier (LEI):	254900ZNL8O3F1CLJO24.
Description:	Global Medium Term Note Programme.
Programme Size:	The Programme is unlimited in amount.
Arranger:	HSBC Bank plc
Dealers:	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement from time to time.
Principal Paying Agent and Transfer Agent:	Deutsche Bank AG, London Branch.
Registrar, U.S. Paying Agent and U.S. Transfer Agent:	Deutsche Bank Trust Company Americas.
Irish Listing Agent:	Arthur Cox Listing Services Limited of Ten Earlsfort Terrace, Dublin 2, Ireland.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ") including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") unless they are issued to a limited class of

professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Currencies: Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.

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

Issue Price: Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of a reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on the Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Discontinuation: In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such

benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 5.2(c)\ (*Interest on Floating Rate Notes – Benchmark Replacement*) for further information.

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions: Notes having a maturity of less than one year*" above.

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions: Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and in the case of any Legended Notes, the minimum specified denomination shall be U.S.\$200,000.

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction in accordance with Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 4.

Cross Acceleration: The terms of the Notes will contain a cross acceleration provision as further described in Condition 10.

Status of the Notes: The Notes and any relative Coupons constitute (subject to Condition 4) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other

obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*.

**Meetings of Noteholders,
Modification and Waiver:**

The terms of the Notes contain a "collective action" clause, which permits defined majorities to bind all Noteholders. If the Issuer issues debt securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Notes, the Notes would be capable of aggregation for voting purposes with any such debt securities, thereby allowing "cross-series" modifications to the terms and conditions of all affected Series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on).

See Condition 15 (*Meetings of Noteholders, Modification and Waiver*) and "*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme—Risks related to Notes generally—The Conditions contain a "collective action" clause under which the terms of any one Series of Notes or multiple Series of Notes may be amended, modified or waived without the consent of all Noteholders*".

Ratings:

Sharjah has been assigned a long- and short-term foreign and local currency sovereign credit rating of BBB by S&P with a negative outlook and a long-term issuer rating of Baa2 by Moody's with a stable outlook.

The ratings assigned to each Series of Notes (if any) to be issued under the Programme will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold the Notes (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Whether or not each any credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation will be disclosed in the applicable Final Terms.

**Listing and Admission to
Trading:**

Application will be made to: (i) Euronext Dublin for each Series of the Notes issued under the Programme to be admitted to the Official List and to trading on the Regulated Market; (ii) the DFSA for the Notes to be admitted to listing on the DFSA Official List and to the Nasdaq Dubai for the Notes to be admitted to trading on Nasdaq Dubai, or (iii) as otherwise specified in the applicable Final Terms and references to listing shall be construed accordingly. As specified in the applicable Final Terms, a Series of Notes may be unlisted.

Clearing Systems:

Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") for Bearer Notes, Clearstream, Luxembourg, Euroclear and DTC for Registered Notes and, in relation to any Tranche, any other clearing system as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer. See "*Form of the Notes*".

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:..... There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, the EEA, the Kingdom of Bahrain, the Sultanate of Oman, the Kingdom of Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), the UAE (excluding the DIFC), the DIFC, the State of Kuwait, Hong Kong, Singapore and Malaysia such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*" below.

United States Selling Restrictions: Regulation S Compliance Category 1, Rule 144A, TEFRA C, TEFRA D and/or TEFRA not applicable, as specified in the applicable Final Terms.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 ("**TEFRA D**") unless (i) the applicable Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 ("**TEFRA C**") or (ii) the Notes have a term of one year or less (taking into account any unilateral right to extend or rollover the term).

RISK FACTORS

An investment in the Notes involves risks. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Base Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Issuer and the Notes. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also impair the ability to make payments on the Notes. If any of the following risks actually materialise, the financial condition and prospects of the Issuer could be materially adversely affected. If that were to happen, the trading price of the Notes could decline and the Issuer may be unable to make payments due on the Notes, and investors may lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Base Prospectus (including in the Terms and Conditions) shall have the same meanings in this section.

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

Risks relating to the Issuer and the UAE

Risks relating to the emergence of the 2019 novel coronavirus COVID-19

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets. The coronavirus known as COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019. In response to the rapid spread of COVID-19, the Chinese government imposed travel restrictions and quarantines to help limit risk of infection. However, while the spread of COVID-19 has slowed in China, it has continued to spread in a large number of countries around the world, leading the World Health Organisation to declare the outbreak a global pandemic on 11 March 2020.

In March 2020, the United States, certain EU countries and countries in the Middle East, including the UAE, alongside many other countries worldwide, began imposing restrictions on travel and on the freedom of movement of people, as well as other restrictions intended to reduce in-person interactions. These measures, while aiming to slow the spread of COVID-19, are expected to significantly reduce economic activity. It is currently unclear how long these restrictions will be in place and what their ultimate impact will be on global and local economies.

As at the date of the Base Prospectus, the COVID-19 outbreak is still having an indeterminable adverse impact on the world economy, which has so far included disruption to global supply chains, volatility in equity market valuations and financial markets, and increased unemployment levels. Whilst the direct and indirect impact of the COVID-19 outbreak remains uncertain, a number of central banks and governments, including the Government of the Emirate of Sharjah, have announced financial stimulus and economic support packages in anticipation of a significant negative impact on companies and households during 2020. Concerns remain as to whether these policy tools will counter anticipated macroeconomic risks, avoid further bouts of volatility in the financial markets or improve investment sentiment.

On 14 March 2020, the UAE Central Bank announced an AED 100 billion stimulus package to address the effects of the COVID-19 pandemic on the economy, known as the Temporary Economic Support Scheme (the "TESS"). The package included AED 50 billion in aid for banks through collateralised, zero-interest loans and allowed banks to use as much as 60 per cent. of their capital conservation buffer, making an additional AED 50 billion in liquidity available to lenders. Additionally, the UAE Central Bank raised the loan-to-value ratios related to mortgage loans for first-time home owners in an attempt to make home ownership more affordable, and also made allowances for banks' real estate exposure to increase to 30 per cent. from 20 per cent. as long as additional capital was available.

On 16 March 2020, the UAE Central Bank announced that it would cut the interest rate applicable to the 1-week Certificates of Deposit (CD) by 75 basis points, in line with the Federal Funds Target Rate – Upper Bound, maintain the repo rate at 50 basis points above the 1-week CD rate, and reduce rates applicable to the Interim Margin Lending Facility and the Collateralised Murabaha Facility by 50 basis points to 50 basis points above the repo rate against CDs.

On 5 April 2020, the UAE Central Bank increased its banking stimulus package to a total of AED 256 billion in response to the significant adverse effect that COVID-19 was having on the economy of the UAE. The package included a reduction in reserve requirements for demand deposits, an allocation of AED 61 billion to support banks' lending and liquidity management, a limitation on fees that banks can charge SMEs and a stipulation that banks cannot require a minimum account balance larger than AED 10,000. The package also included an allocation of AED 95 billion to assist banks in deferring retail and corporate debt payments until the end of 2020.

In June 2020, to support the operation of the TESS and the general flow of funds into the economy in Sharjah, the Government initiated a programme to place unlisted short-term sukuk instruments issued by the Government with Sharjah-based banks. These sukuk instruments constitute high-quality assets which may be used by the participating banks to generate liquidity through their treasury operations. 50 per cent. of the proceeds from such an issuance are to be deposited back with the participating banks by the Government, further improving their liquidity position. As at 30 June 2020, the Government had completed AED 2 billion of short-term issuance under this scheme and envisages completing up to AED 4 billion in total.

Although the various measures mentioned above have been taken in order to combat the effects of the COVID-19 pandemic, the restrictions imposed at the pandemic's onset may not prevent further outbreaks and may lead to an economic decline or budget deficit. In addition, relating to the COVID-19 outbreak the economic stimuli introduced may not be enough to offset the decline in Sharjah's economy, while the increase in expenditures may have an adverse impact on its economy and Sharjah's financial condition.

As at 1 July 2020, according to the UAE Ministry of Health and Prevention, the UAE had 49,069 confirmed cases of COVID-19, including 316 deaths and 38,160 recoveries from the disease, and had conducted more than 3.5 million tests. A prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries with which the Government trades or affect the Government's employees and operations. For example, the aviation industry has been dramatically impacted by the crisis. As a result of the general decreased demand for air travel, Air Arabia, the only listed carrier in the UAE which uses Sharjah International Airport as its base, has operated only a few limited services since grounding passenger flights in March and it is unclear when normal operations will resume. Therefore, the disruptions caused by the pandemic may affect operations in certain industries and cause corporations within these sectors to incur additional costs or prevent them from carrying out their core activities and initiatives. In addition, an escalation in geopolitical tensions and increased use of protectionist measures in response to COVID-19 may negatively impact the attractiveness of the UAE (and, consequently, the Emirate of Sharjah) for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and its financial condition.

The COVID-19 pandemic is ongoing, and its dynamic nature, including uncertainties relating to the ultimate spread of the virus, the severity of the disease, the duration of the pandemic and the related weakening of economic conditions, makes it difficult to predict or estimate reliably the degree of risk posed by the virus. Therefore, in spite of the various economic measures implemented by the Government and its efforts to prevent and impede the spread of the virus, the measures put in place may not have the desired effect.

Global financial conditions and rising protectionist policies may have an impact on Sharjah's economic and financial condition

Sharjah's economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions and protectionist trade policies or threats thereof. The Government of Sharjah has made efforts in recent years to stimulate its private sector-driven economy by increasing volumes of foreign investment and tourism and has focused on creating a favourable business environment, with a legal and regulatory environment conducive to business success and aimed at attracting foreign and domestic investment. In 2009, Shurooq, the Sharjah Investment and Development Authority was established by Emiri Decree to support the economic development of Sharjah and, amongst other things, attract foreign direct investment opportunities into the Emirate. While the Government believes there are many incentives for foreign corporate entities to establish themselves in one of the free zones in Sharjah, such as 100 per cent. foreign ownership, a tax free environment, free transfer of funds, competitive pricing, a one stop shop for business services and long-lease periods, there are no assurance these will be sufficient to attract foreign direct investment or that other countries may not offer more attractive incentives. Sharjah's economy is also dependent, to a large extent, on expatriate labour. This makes Sharjah potentially more vulnerable should there be a deterioration in local political stability for any

reason, if it were to lead the Government to tighten controls on the flow of labour or capital. These changes could in turn make Sharjah a less attractive destination for businesses and individuals. There can be no assurance that the economic performance of Sharjah or the UAE can or will be sustained in the future. To the extent that economic growth or performance in the UAE slows or begins to decline, this could have an adverse effect on Sharjah (see "*The Economy of Sharjah*" for further information).

Sharjah has strong trading relationships with other Emirates within the UAE and other countries, being part of the global supply chain and a consumer of goods from around the world. Any sustained market and economic downturn or geopolitical uncertainties in any of Sharjah's key trading partners may materially impact Sharjah's trade with those countries and could have a negative impact on Sharjah's foreign trade and balance of payments. A global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could affect investor sentiment and slow tourism, trade and investment in Sharjah. Any escalation in geopolitical tensions and/or increased use of protectionist measures may negatively impact Sharjah's relationships with its trading partners and the attractiveness of the UAE (and, consequently, the Emirate of Sharjah) for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and its financial condition.

The Government has a relatively narrow revenue base

The Government has a diverse but relatively narrow revenue base. For the year ended 31 December 2019, Sharjah recorded total revenues of AED 11.5 billion, an increase of 14.7 per cent. compared with total revenues of AED 10.0 billion in 2018, and set against a GDP of AED 125.1 billion in 2019 and AED 123.9 billion in 2018.

With the exception of a levy on the profits of foreign banks and hydrocarbon extraction, there is no traditional direct tax in the Emirate of Sharjah, although the Federal Government of the UAE (the "**Federal Government**") introduced a national value added tax at the rate of 5 per cent. with effect from 1 January 2018 and an excise duty on certain goods in October 2017, and could in principle also introduce corporation or other taxes in the future. Value added tax generated AED 2.8 billion cash inflows for the Government of Sharjah in 2019, including some receipts from 2018 handed over in 2019, and is budgeted to generate AED 1.8 billion in 2020. Whilst this overall beneficial tax environment provides an incentive for businesses and wage earners to relocate to Sharjah, it potentially limits the Government's ability to increase public spending if necessary, which may adversely affect Sharjah's growth and revenue generation strategy and impact the Government's ability to satisfy its obligations under the Transaction Documents and may also adversely affect the ability of Sharjah to take further economic stimulus measures and counter the effects of economic downturn, including that caused by the COVID-19 outbreak, as further discussed above.

Although the Government currently has low levels of direct debt and very limited legally binding contingent liabilities, it may, in the future elect to provide financial support to Government-owned or important local companies which could increase Sharjah's budget deficit and its funding needs

The Government has in the past provided significant financial support to companies in which it has ownership interests and other important local companies. For example, in 2019 there was a transfer of government-guaranteed debt from a real estate developer to the Government's balance sheet which contributed to an increase in the Government's debt burden. Also, in December 2018, the Government offered to support the capital requirements of Invest Bank P.S.C. ("**Invest Bank**") with an injection of AED 1,115 million in exchange for a 50.07 per cent. stake in the bank. The proposal included a commitment to underwrite a subsequent rights issue by Invest Bank with up to AED 785 million, should the bank require further capital. The proposal was subsequently accepted by all parties and the initial injection was made in April 2019, giving the Government of Sharjah a 50.07 stake in Invest Bank. The second funding injection had not been completed as at the date of this Prospectus, but the Government remains committed to completing the second round of funding, if required.

Although the Government has no legal obligation to do so, it may, in the future, choose to provide additional financial support to other government-owned or important local companies if they were faced with difficulties that threatened the reputation or economic health of Sharjah. Any such support could increase Sharjah's budget deficit and increase its funding needs.

Although the UAE and Sharjah enjoy domestic political stability and generally good international relations, there is no guarantee that the UAE or Sharjah will continue to do so in the future and there is a risk that regional geopolitical instability could impact the UAE and, consequently, Sharjah.

While the UAE (and consequently Sharjah) is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not, and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("MENA") region, including Egypt, Algeria, Jordan, Libya, Bahrain, Saudi Arabia, Yemen, Iraq and Kurdistan, Syria, Palestine, Turkey, Tunisia and Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region (including the multinational conflict with the so-called Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, participated in the Saudi-led intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government and the UAE's participation in this intervention is still ongoing. Although the UAE has begun to scale back its involvement in the military intervention in Yemen, there is no guarantee that the UAE will not increase its participation in the future. In addition, in June 2017 the UAE, along with Saudi Arabia, Bahrain and Egypt, ended diplomatic ties with Qatar (see "*Description of the Emirate of Sharjah — Relationship between the UAE Constitution and Sharjah — International Relations*"). Yemen, Jordan, Libya, Comoros, Senegal and Mauritania also joined the Saudi-led action shortly thereafter and several other countries including Chad, Djibouti, Maldives and Niger announced that they had downgraded their diplomatic ties with Qatar. The severing of diplomatic ties included the withdrawal of ambassadors, as well as the imposition of travel and trade restrictions, and there can be no assurance that diplomatic ties will be reinstated or that the current situation will not escalate. Additionally, other countries' sanctions may affect Sharjah's ability or willingness to trade. For example, the United States and the European Union's sanctions have affected Sharjah's trading relationship with Iran. Existing tensions in the Gulf region increased following the seizure by Iran of a British tanker in July 2019 and there can be no assurance that a similar incident will not occur elsewhere in the Gulf region. Furthermore, in June 2020, it was reported by the United Nations Secretary General to a meeting of the United Nations Security Council that cruise missiles used in several attacks on oil facilities and an international airport in Saudi Arabia in 2019, were of Iranian origin. Any continuation or increase in international or regional tensions regarding Iran, including further attacks on or seizures of oil tankers which disrupt international trade, including any impairment of trade flow through the Strait of Hormuz, or any military conflict could have a destabilizing impact on the Gulf region, including with respect to the UAE and its ability to export oil and its security.

These situations have caused varying levels of disruption to the economies of affected countries and may have had a destabilising effect on international oil and gas prices. 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, the cessation of diplomatic ties, 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 and, consequently, Sharjah, although to date there has been no significant impact on the UAE or Sharjah.

Sharjah, similar to the other emirates, is also dependent on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the emirate. These steps make it potentially more vulnerable should regional instability increase or foreign militants commence operations in the emirate. There can also be no assurance of the continued availability of expatriate labour with appropriate skills.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and, in particular, could impact the numbers of tourists that choose to visit the UAE and Sharjah and the number of businesses interested in doing business in the UAE and Sharjah. Sharjah is, and will continue to be, affected by economic and political developments in or affecting the UAE and the wider MENA region and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE. Although the UAE has not experienced significant terrorist attacks such as those experienced by a number of countries in the MENA region, there can be no assurance that extremists or terrorist groups will not initiate violent activity in the UAE. Any terrorist incidents, including cyber-terrorism, in or affecting the UAE and increased regional geopolitical instability (whether or not directly involving the UAE) may have a material adverse effect on

the UAE's (and, consequently, Sharjah's) attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and financial condition.

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

Sharjah is not a large oil producer (with the mining and quarrying sector, which includes crude oil and natural gas, accounting for 4.3 per cent. of Sharjah's nominal gross domestic product ("**GDP**") in 2019) and it enjoys a relatively diverse economy. However, Sharjah's economy is highly integrated with the other Emirates in the UAE through trade, currency, a common banking system and fully open markets. Therefore, any effect of oil price volatility may have a consequent effect on Sharjah. The UAE's economy, in particular Abu Dhabi and to a lesser extent Dubai, is significantly impacted by international oil prices. The hydrocarbon sector accounted for 25.0 per cent. of the UAE's nominal GDP in 2019 compared to 26.0 per cent. in 2018 and 20.5 per cent. in 2017, with the growth generally reflecting increasing oil prices. The UAE's economy has in the past been adversely affected by periods of low international oil prices, most recently in the period from mid-2014 to early 2016.

According to the Organization of the Petroleum Exporting Countries ("**OPEC**") data, as at 31 December 2018, the UAE had 8.2 per cent. of OPEC reserves. According to preliminary data produced by the FCSA and the UAE Central Bank, the mining and quarrying sector, which includes crude oil and natural gas, accounted for 25.0 per cent. of the UAE's nominal GDP.

The price of the OPEC Reference Basket has fluctuated significantly in recent years; since June 2014, international crude oil prices fell from a high monthly average OPEC Reference Basket price per barrel of U.S.\$108 in June 2014 to a monthly average price of U.S.\$26.50 in January 2016, subsequently recovering U.S.\$65.09 in January 2020. More recently, in response to the decreasing demand for oil as a result of the spread of COVID-19, OPEC officials proposed a plan to the OPEC countries and other non-OPEC countries, including Russia, to reduce global production by 1.5 per cent. However, the parties were unable to reach agreement and the three-year partnership between OPEC and major non-OPEC providers was terminated as a result. On 7 March 2020, Saudi Arabia announced that it would raise oil output and discount its oil in April 2020. As a result of the above factors, the OPEC Reference Basket prices fell significantly from U.S.\$48.35 on 6 March 2020 to U.S.\$34.72 on 9 March 2020, a decrease of 28.2 per cent. On 30 March 2020, the OPEC Reference Basket price had fallen further to U.S.\$ \$20.09, an 18-year low and as at 30 June 2020, the OPEC Reference Basket price had risen to U.S.\$38.22.

A series of meetings took place on 9 and 12 April 2020 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. During the initial two-month period beginning 1 May 2020, OPEC and non-OPEC oil producing countries committed to reduce production by a total of 9.70 million barrels a day, followed by a six month period starting 1 July 2020 during which the countries have committed to reduce production by a total of 7.68 million barrels a day and followed by a subsequent 16 month period between 1 January 2021 and 30 April 2022 during which the countries have committed to reduce production by a total of 5.76 million barrels a day. However, there can be no assurance that the agreement will be implemented by all relevant parties or achieve its stated goals or what effect the agreement will have on oil prices in the short to medium term.

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

affected by lower levels of economic activity that may result from lower Government revenue from hydrocarbon production.

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

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

There can be no assurance that these factors, whether individually or in combination with others, will not result in a prolonged or further decline in oil prices. Such oil price volatility has the potential to adversely affect Sharjah's economy and public finances in the future, both directly, through hydrocarbon revenues, and indirectly, through the reduced spending power of governments, companies and individuals in the region, which could, in turn, affect the trade, construction, real estate, tourism and banking sectors, in particular. As a result, there can be no assurance that the UAE's economy, or Sharjah's economy will not be materially adversely affected in the future by lengthy periods of low oil prices.

The Notes issued under the Programme are not guaranteed by the UAE Federal Government

Sharjah shares legal, political, military and economic functions with the other emirates of the UAE as a result of the federal framework. Its economy is highly integrated with the other Emirates in the UAE through trade, currency, a common banking system and fully open markets. However, the Notes issued are not guaranteed by the Federal Government or the UAE. In addition, certain events or decisions made by the Federal Government may have an adverse impact on Sharjah.

Sharjah's economy may be adversely affected by limitations in its control over monetary policy

The Government is not responsible for monetary policy, which is the responsibility of the Federal Government. Limited monetary policy control prevents the Government from responding to macroeconomic conditions, which may affect Government spending and liquidity within Sharjah; changing macroeconomic conditions are likely to affect Sharjah's economy indirectly through their impact on the trade, construction, real estate and banking sectors, given, in particular, the openness of Sharjah's economy, which does not have any capital or exchange controls. The inability of the Government to respond or react to such conditions through monetary policy may have a long-term negative impact on its economy as a whole.

Sharjah's budget is prepared on a near-cash basis, which means that Sharjah's stated deficit may not be fully reflective of all of the expenditure and revenue which would be recognised by the Government in a particular period if international financial reporting standards were applied

Similar to many governments, the Government of Sharjah prepares its budget on a near-cash basis. This means that flows are largely recorded when cash is received or disbursed, with some minor timing differences (e.g. cheque payments). Although non-monetary flows can be recorded, most accounting systems (including that used in Sharjah) using a near-cash basis do not record non-monetary flows because the focus is on liquidity management rather than resource flows. In addition, with respect to accounting for revenues and expenditure, the time of recording may diverge significantly from the time of the economic activities and transactions to which they relate. For example, the time cost of a zero-coupon bond, a proxy for interest, would not be recorded until the bond matured, which could be many years after the expense was incurred; and the cost of building or buying an asset would be recorded upfront, rather than through

the depreciation of that asset over time. Accordingly, the Government's stated budget may deviate significantly from an accrual-based system of financial reporting, such as International Financial Reporting Standards, and may comparatively under- or over-state the incurrence of future liabilities.

Statistical information provided in respect of a certain year may be changed retrospectively in subsequent years when more recent statistical information is published

The statistical information in this Base Prospectus in relation to GDP, balance of payments, revenues and expenditure and indebtedness of the Government have been derived from a number of different identified sources, such as the Federal Government's official statistical authority, the FCSA; Sharjah's official statistical authority, Department of Statistics and Community Development ("DSCD"); and the published reports of the UAE Central Bank. Furthermore, certain information (for example information relating to the balance of payments and information under the heading "*Monetary and Financial System*") is only available for the UAE as a whole from institutions of the Federal Government, and potential investors should note that Sharjah's position may differ in material respects from the position at an overall UAE level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times and differing underlying assumptions and methodologies (see "*Presentation of Statistical Information*"). In addition, standards of accuracy of statistical data may vary from authority to authority or from period to period due to the application of these different methodologies. Therefore, there can be no assurance that the statistical data appearing in this Base Prospectus is as accurate or as reliable as those published by other countries.

As at the date of this Base Prospectus, investors should be aware that certain data relating to Sharjah (for example, detailed foreign trade statistical data) is not available. Furthermore, some of the data included in this Base Prospectus is preliminary and may not be finalised by year-end. Additionally, DSCD has recently become the official statistical authority responsible for producing GDP data for Sharjah (which is subject to review and approval by FCSA prior to release) and has so far reported comprehensive data for only 2017 and 2018, and estimated data for 2019. DSCD is currently working to complete the final 2019 GDP data and to complete the retrospective data series for the years 2010 to 2016. The new data series differs from GDP data previously reported in respect of Sharjah by the FCSA. While public finance data is consistent with the data from the Government's financial management system, this data is not subject to an external auditor's opinion.

Data on non-trade flows into and out of Sharjah is not available and the data on non-trade flows into and out of the UAE as set out in this Base Prospectus under "*Balance of Payments and Foreign Trade*" is not complete and is subject to revision, reflecting, in part, weaknesses of the central statistical bodies, and in part, the operation of many free zones within the UAE. No data is released by the UAE or Sharjah on external debt, and, accordingly, only IMF estimates of the UAE's external debt are available and set out in this Base Prospectus.

In the IMF's consultations for 2013 to 2016, the IMF acknowledged that the UAE had made progress in improving the quality of its statistical data and that its data provision was broadly adequate for surveillance, but stated that some data gaps remain. In June 2018, the UAE launched a National Summary Data Page, becoming the first GCC country to implement the recommendations of the IMF's Enhanced General Data Dissemination System. In the IMF's 2018 Article IV report published in 2019, the IMF commended this implementation and other steps to improve economic statistics, while emphasising the need for further progress, including improving labour, fiscal, national accounts, and international investment position statistics, to facilitate decision-making and enhance transparency. Therefore, these weaknesses may continue to impact the statistical data included in this Base Prospectus and the information for past periods should not be viewed as indicative of current circumstances, future periods or periods not presented.

Accordingly, financial and economic information may differ from previously published figures, or figures published in the future, and may be subsequently adjusted or revised. No assurance can be given that material changes will not be made.

The Government may be adversely affected by monetary policy inflexibility, or if the UAE Dirham/U.S. Dollar peg were to be removed or adjusted

The functional and reporting currency of the Government is the UAE Dirham. The UAE Dirham has been "pegged" at a fixed exchange rate to the U.S. Dollar since 22 November 1980. The current midpoint between the official buying and selling rates for the UAE Dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00. The maintenance of this peg is a firm policy of the UAE Central Bank. The Federal Government

and the UAE Central Bank have publicly stated that there is no current intention to reassess the Dollar "peg". However, there can be no assurance that UAE policy, in respect of the UAE Dirham/U.S. Dollar "peg", will remain unchanged in the future. If the UAE Central Bank cannot maintain a stable exchange rate or the peg to the U.S. dollar, it could reduce confidence in the UAE's economy, reduce foreign direct investment and adversely affect the UAE's finances and economy, as well as those of the individual emirates within the UAE, including Sharjah.

In addition, the UAE Central Bank does not have any flexibility to devalue the Dirham to stimulate Sharjah's exports market, and the UAE Central Bank's ability to independently manage interest rates is constrained. For example, if the U.S. Federal Reserve were to further increase interest rates, and the UAE Central Bank were to delay significantly in increasing its own rates, this could result in significant pressure on the currency "peg". Furthermore, because the UAE's currency is pegged at a fixed rate to the U.S. dollar, any significant appreciation in value of the U.S. dollar, whether driven by increasing U.S. interest rates or other factors, could result in the UAE's non-hydrocarbon exports becoming less competitive.

The Government is also exposed to the potential impact of any abolition of this foreign exchange "peg". Any such "depegging", particularly if the UAE Dirham weakens against the U.S. Dollar, could have an adverse effect on Sharjah's financial condition and prospects.

Investing in securities involving emerging markets such as Sharjah generally involves a high degree of risk

Investing in securities involving emerging markets, such as Sharjah, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of Sharjah, these higher risks include those discussed elsewhere in this section. Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate and are familiar with the significance of the risks involved in investing in emerging markets. International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect were to occur, the trading price of Notes issued under the programme could be adversely affected by negative economic or financial developments in other emerging market countries over which the Government has no control. In addition, the economies of emerging markets are more susceptible to influence by macroeconomic and central bank policy decisions of developed countries than other sovereign issuers. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. No assurance can be given that this will not be the case in the future. As a consequence, an investment in Notes issued under the Programme carries risks that are not typically associated with investing in Notes issued by governments in more mature markets. Investors should also note that emerging markets such as Sharjah are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether in light of those risks their investment is appropriate.

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

Risks related to the structure of a particular issue of Notes

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

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

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016, and the majority of its provisions have applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents

certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to, or referencing, a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in subsequent speeches by FCA officials, the FCA confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a Euro risk-free rate (based on a Euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on Euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate for the euro area. The €STR was published for the first time on 2 October 2019.

In addition, on 21 January 2019, the Euro risk free-rate working group published a set of guiding principles for fallback provisions in new Euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the European financial system. It is not possible to predict with certainty whether, and to what extent, any benchmark, including LIBOR and EURIBOR, will continue to be supported in the future. This may cause any such benchmark to perform differently than it has done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the Rate of Interest (or the relevant component part thereof) on Floating Rate Notes which reference such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes set out in the Conditions. Depending on the manner in which the Rate of Interest is to be determined under the Conditions, this may: (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time; or (ii) if Screen Rate Determination applies, result in the Rate of Interest (or the relevant component part thereof) being set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions) which may be determined by an Independent Adviser (as defined in the Conditions) or the Issuer or lead to the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available, as further described below. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an original Reference Rate (as defined in the Conditions) and/or any page on which an original Reference Rate may be published, becomes unavailable, or if the Issuer, the Calculation Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) is no longer permitted lawfully to calculate interest on any Notes by reference to such an original Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread (as defined in the Conditions) and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Issuer, or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread, if applied, is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, (iii) if the Independent Adviser (following consultation with the Issuer) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be or (iv) if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard, the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest (or the relevant component part thereof) for the relevant immediately following Interest Period may result in the Rate of Interest (or the relevant component part thereof) for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

The Notes may be subject to early redemption by the Issuer

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

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

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

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

Risks related to Notes generally

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

The Conditions contain a "collective action" clause under which the terms of any one Series of Notes or multiple Series of Notes may be amended, modified or waived without the consent of all Noteholders

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action clauses". Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to Reserved Matters, multiple Series of Notes to be aggregated for voting purposes (**provided that** each such Series also contains the same or similar collective action clauses in the relevant Conditions).

The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Notes. This means that a defined majority of the holders of such Series of Notes (when taken in the aggregate only, in some circumstances, and/or individually) would be able to bind all holders of Notes in all the relevant aggregated Series.

Any modification or actions relating to Reserved Matters, including in respect of payments and other important terms, may be made to a single Series of Notes with the consent of the holders of 75 per cent. of the aggregate nominal amount outstanding of such Series of Notes, and to multiple Series of Notes which may be issued by the Issuer with the consent of both: (i) the holders of 66 2/3 per cent. of the aggregate nominal amount outstanding of all Series of Notes being aggregated; and (ii) the holders of 50 per cent. in aggregate nominal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple Series of Notes with only the consent of 75 per cent. of the aggregate nominal amount outstanding of all Series of Notes being aggregated, without requiring a particular percentage of the holders in any individual affected Series of Notes to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk, therefore, that the Conditions of a Series of Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be holders of different Series of Notes and as such, less – even significantly less – than 75 per cent. of the Noteholders would have voted in favour of such amendment, modification or waiver.

In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Notes may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

The Conditions also provide that the Notes and such conditions may, subject to the prior written approval of the Issuer, be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement (as defined in "*Terms and Conditions of the Notes*") may agree to

modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders and is other than in respect of a Reserved Matter.

In the future, the Issuer may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions. If this occurs, then this could mean that any Series of Notes issued under the Programme would be capable of aggregation with any such future debt securities.

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

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

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

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

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

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

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

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

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

Transferability of the Notes may be limited under applicable securities laws

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Notes issued under the Programme may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

Risks related to the market generally

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

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

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

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

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

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

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

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

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

In general, European and United Kingdom regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EEA or non-UK credit rating agencies, unless the relevant credit ratings

are endorsed by an EEA-registered or UK-registered credit rating agency or the relevant non-EEA or non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). If the status of the rating agency rating the Notes changes, European and United Kingdom regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European and United Kingdom regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

On 14 February 2020, S&P downgraded the long-term foreign and local currency sovereign credit rating of Sharjah from BBB+ to BBB and on 18 February 2020, Moody's downgraded the long-term foreign and local currency issuer rating of Sharjah from A3 to Baa2, and changed the outlook from negative to stable. These ratings downgrades reflect the wider than anticipated deficit owing to decreased government revenue from government related entities and land sales, increased government grants and land compensation payments as well as decreased payments to contractors, as well as a lower assessment of Sharjah's institutions and governance strength in comparison to previous assessments noting evidence of significant slippage on fiscal targets and the incurrence of contingent liabilities. The negative outlook reflects a deterioration in the performance of the UAE as a whole against their gross external financing needs, as well as the potential economic and fiscal impacts of COVID-19 and lower oil prices on Sharjah and the risk of a further rise in Sharjah's debt burden.

Risks relating to enforcement

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in the UAE

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

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

The Notes, the Agency Agreement and the Deed of Covenant are governed by English law and the Issuer has agreed, at the option of certain parties (other than the Issuer), to submit to the exclusive jurisdiction of the English courts in respect of any dispute, claim, difference or controversy arising out of or in connection with such documents.

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

The UAE is a civil law jurisdiction and judicial precedents in Sharjah have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in Sharjah. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

The Issuer has agreed, unless the option to litigate is exercised, to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration in London, England. The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in Sharjah 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 Sharjah 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 have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. It should be noted that only the Dubai Court of Cassation was a final decision.

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), remains largely untested. This is 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 independent of the federal system, and whose rulings may have no more than persuasive force cross-border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention (as described above), there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005). Federal Cabinet Resolution No. 57 of 2018 (the "**Resolution**") governs the enforcement of foreign arbitral awards. The Resolution 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 take precedence over the Resolution. There remains a risk that notwithstanding the Resolution or the terms of an applicable multilateral or bilateral enforcement convention, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the "**UAE Arbitration Law**") related to the enforcement of non-UAE seated arbitral awards (as provided in Articles 52 to 57 of the UAE Arbitration Law) to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the Resolution 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.

The Issuer's waiver of immunity may not be effective under the laws of the UAE

The Issuer has waived its rights in relation to sovereign immunity. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Notes, the Agency Agreement and the Deed of Covenant are valid and binding under the laws of the UAE and applicable in Sharjah.

FORM OF THE NOTES

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

Bearer Notes

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

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

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

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

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

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall

occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986".

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

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

Registered Notes

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

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

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

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

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

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

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available or (iii) in the case of Notes registered in the name of a nominee for a Common Depository for Euroclear and Clearstream, Luxembourg, the Issuer

has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

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

General

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 9 July 2020 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

APPLICABLE FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

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

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

[Singapore Securities and Futures Act Product Classification] – Solely for the purposes of its obligations pursuant to sections 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"]/[**"Specified Investment Products"**] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

Final Terms dated [•]

**GOVERNMENT OF THE EMIRATE OF SHARJAH
ACTING THROUGH THE SHARJAH FINANCE DEPARTMENT
Legal Entity Identifier (LEI): 254900ZNL8O3F1CLJO24
Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]
under the
Global Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated 9 July 2020 [and the supplement[s] to it dated [•] [and [•]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "Base Prospectus"). This document constitutes the Final Terms of the Notes described herein [for the

¹ To be included for offers of Notes into Singapore. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

purposes of the Prospectus Regulation]² and must be read in conjunction with the Base Prospectus³. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms]⁴ [is/are] available for viewing on the website of Euronext Dublin (<http://www.ise.ie>) and the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>).

- | | | |
|----|---|---|
| 1. | Issuer: | Government of the Emirate of Sharjah acting through the Sharjah Finance Department |
| 2. | (a) Series Number: | [•] |
| | (b) Tranche Number: | [•] |
| | (c) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [•] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [•]] / [Not Applicable] |
| 3. | Specified Currency or Currencies: | [•] |
| 4. | Aggregate Nominal Amount: | [•]/[Not Applicable] |
| | (a) Series: | [•] |
| | (b) Tranche: | [•] |
| 5. | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]] |
| 6. | (a) Specified Denominations: | [•] |
| | (b) Calculation Amount (in relation to calculation of interest in relation to Notes in global form (see Conditions)): | [•] |
| 7. | (a) Issue Date: | [•] |
| | (b) Interest Commencement Date: | [•]/Issue Date/Not Applicable] |
| 8. | Maturity Date: | [•]/[Interest Payment Date falling in or nearest to [•]] |
| 9. | Interest Basis: | [[•] per cent. Fixed Rate]

[•] [•] [LIBOR/EURIBOR/
KIBOR/SHIBOR/HIBOR/KLIBOR/SIB
OR/EIBOR/SAIBOR] +/- [•] per cent.
Floating Rate] |

² To be included only if the Notes are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin.

³ To be deleted where the Notes are neither admitted to trading on a regulated market in the EEA or the United Kingdom nor offered in the EEA or the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation.

⁴ To be included only if the Notes are to be admitted to trading on the regulated market, and listing on the official list, of Euronext Dublin and admitted to trading on Nasdaq Dubai, and listing on the official list of securities maintained by the Dubai Financial Services Authority.

- [Zero Coupon]
- (see paragraph [14]/[15]/[16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: [Applicable]/[Not Applicable]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(see paragraph [17]/[18] below)]
- [Not Applicable]
13. (a) Status of the Notes: Senior
- (b) Date approval for issuance of Notes obtained: [•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[•] in each year up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [•] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/[Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[•] in each year]/[Not Applicable]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [•] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [•]

(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not Deutsche Bank AG, London Branch as Principal Paying Agent):	[•] (the " Calculation Agent ")
(f)	Screen Rate Determination:	
	• Reference Rate:	[•] [•] [LIBOR/EURIBOR/KIBOR/SHIBOR/HIBOR/KLIBOR/SIBOR/EIBOR/SAIBOR]
	• Interest Determination Date(s):	[•]
	• Relevant Screen Page:	[•]
	• Relevant Time:	[•]
(g)	ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
(h)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(i)	Margin(s):	[+/-] [•] per cent. per annum
(j)	Minimum Rate of Interest:	[•] per cent. per annum
(k)	Maximum Rate of Interest:	[•] per cent. per annum
(l)	Day Count Fraction:	[[Actual/Actual (ISDA)],[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
16.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
(a)	Accrual Yield:	[•] per cent. per annum
(b)	Reference Price:	[•]
(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:	[Applicable/Not Applicable]
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- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [[•] per Calculation Amount]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [•] per Calculation Amount
- (ii) Maximum Redemption Amount: [•] per Calculation Amount
- (d) Notice period: Minimum period:
[30] days Maximum period: [60] days
18. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [[•] per Calculation Amount]
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
19. Clean Up Call Right: [Applicable/Not Applicable]
- (a) Clean Up Call Optional Redemption Amount: [[•] per Calculation Amount]
- (b) Notice Period: Minimum period: [30] days Maximum period: [60] days
20. Final Redemption Amount: [•] per Calculation Amount
21. Early Redemption Amount: [•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Bearer Global Note exchangeable for Definitive Notes upon an Exchange Event]
- [Registered Notes:
- [Regulation S Global Note registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg]]
- [Rule 144A Global Note registered in the name of a nominee for [DTC/a Common

Depository for Euroclear and
Clearstream, Luxembourg]

23. Additional Financial Centre(s):

[Not Applicable/give details]

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

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

THIRD PARTY INFORMATION

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the **Government of the Emirate of Sharjah acting through the Sharjah Finance Department:**

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading: [Application [has been] [is expected to be] made to Euronext Dublin by the Issuer (or on its behalf) for the Notes to be listed on its Official List and admitted to trading on its regulated market with effect from [•].]/[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the DFSA and admitted to trading on Nasdaq Dubai]./[Not Applicable.]
- (b) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

- Ratings: The Notes to be issued [have been/are expected to be/will not be] rated:
- [Fitch: [•]]
- [S&P: [•]]
- [Moody's: [•]]
- [[•] is established in the [EEA/United Kingdom] and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]
- [[•] is established in the [EEA/United Kingdom] and is registered under Regulation (EC) No 1060/2009.]
- [[•] is not established in the [EEA/United Kingdom] and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [•], which is established in the EEA, disclosed the intention to endorse credit ratings of [•].]
- [[•] is not established in the [EEA/United Kingdom] and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [•] in accordance with Regulation (EC) No. 1060/2009. [•] is established in the [EEA/United Kingdom] and registered under Regulation (EC) No. 1060/2009.] [[•] is not established in the EEA and has not applied for registration under Regulation (EC) No.1060/2009, but it is

certified in accordance with such Regulation.]

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

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

4. **[YIELD (FIXED RATE NOTES ONLY)]**

Indication of yield: [•]

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

5. **ESTIMATED NET PROCEEDS:** [•]

6. **OPERATIONAL INFORMATION**

(a) ISIN: [•]

(b) Common Code: [•]

(c) CUSIP: [•]

(d) CINS: [•]

(e) CFI: [•] [As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]

(f) FISN [•] [As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]

(g) Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable]/[•]

(h) Delivery: Delivery [against/free of] payment

(i) Names and addresses of additional Paying Agent(s) (if any): [•]

7. **DISTRIBUTION**

(a) Method of distribution: [Syndicated/Non-syndicated]

(b) If syndicated, names of Managers: [Not Applicable]/[•]

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

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by the Government of the Emirate of Sharjah acting through the Sharjah Finance Department (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

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

- (a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form ("**Registered Notes**") (issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 9 July 2020 and made between the Issuer, Deutsche Bank Trust Company Americas as paying agent in respect of the Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") (the "**U.S. Paying Agent**", which expression shall include any successor paying agent), as registrar (the "**Registrar**", which expression shall include any successor registrar) and transfer agent in respect of the DTC Notes (the "**U.S. Transfer Agent**", which expression shall include any successor transfer agent), Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent and the other paying agents named therein, together with the Principal Paying Agent and the U.S. Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent) and as transfer agent (together with the Registrar and the U.S. Transfer Agent, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents).

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

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

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

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

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 9 July 2020 and made by the Issuer. The original of the Deed of Covenant is held by the Principal Paying Agent.

Copies of the Agency Agreement (including the forms of Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are (i) listed on the official list of Euronext Dublin and admitted to trading on its regulated market; and (ii) are listed on the official list of securities maintained by the Dubai Financial Services Authority and admitted to trading on Nasdaq Dubai, copies of the applicable Final Terms will be published on the website of Euronext Dublin (<http://www.ise.ie>) and the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>), respectively. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of and are bound by, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

1. **FORM, DENOMINATION AND TITLE**

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

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

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

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

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

Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

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

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

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

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.1 and 2.5, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within ten business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 **Registration of transfer upon partial redemption**

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

2.4 **Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 **Transfers of interests in Legended Notes**

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

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

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

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

2.6 **Definitions**

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

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

"QIB" means a "qualified institutional buyer" within the meaning of Rule 144A;

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

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

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

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

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

3. **STATUS OF THE NOTES**

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

4. **NEGATIVE PLEDGE**

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future assets or revenues to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of Relevant Indebtedness or a Relevant Sukuk Obligation, of any Person, without:

- (a) at the same time or prior thereto securing equally and rateably therewith its obligations under the Notes; or
- (b) providing such other Security Interest for the obligations of the Issuer under the Notes as may be approved by an Extraordinary Resolution (as defined below) of the Noteholders.

In these Conditions:

"Permitted Security Interest" means:

- (a) any Security Interest upon property or assets incurred for the purpose of financing the acquisition or construction, improvement or repair of such property or asset or any renewal or extension of any such Security Interest, which is limited to the original property or asset covered thereby and which secures any renewal or extension of the original secured financing;
- (b) any Security Interest existing on any property or asset at the time of its acquisition and any renewal or extension of any such Security Interest which is limited to the original property or asset covered thereby and which secures any renewal or extension of the original secured financing;
- (c) any Security Interest in existence on 9 July 2020;
- (d) any Security Interest arising in the ordinary course of banking transactions and securing the Relevant Indebtedness of the Issuer maturing not more than one year after the date on which it is originally incurred;
- (e) any Security Interest arising by operation of law or which arose pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;
- (f) any Security Interest incurred for the purpose of financing all or part of the costs of the acquisition, construction, development, improvement, repair or expansion of any project (including costs such as escalation, interest during construction and financing and refinancing costs); **provided that** the property over which such Security Interest is granted consists solely of the property, assets or revenues of such project (including, without limitation, royalties and other similar payments accruing to the Emirate of Sharjah generated by the relevant project); and
- (g) any Security Interest arising in connection with the incurrence of Relevant Indebtedness as part of a Securitisation or any renewal or extension thereof;

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity;

"Relevant Indebtedness" means, in relation to any Person, any indebtedness of such Person which is in the form of or represented by any bond (including *Shari'a*-compliant certificates), note, loan stock, debenture or similar instrument which is, or is intended to be, or is capable of being, listed, traded or dealt in on any stock exchange or over the counter market;

"Relevant Sukuk Obligation" means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates whether or not in return for consideration of any kind where the trust certificates concerned are, or are intended to be, or are capable of being, listed, traded or dealt in on any stock exchange or over the counter market;

"Security Interest" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind; and

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

5. INTEREST

5.1 Interest on Fixed Rate Notes

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

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

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

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

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

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

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rates Notes, which are Registered Notes in definitive form, or the Calculation Amount in the case of Fixed Rate Notes, which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

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

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 **Interest on Floating Rate Notes**

(a) ***Interest Payment Dates***

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

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (C) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than the TARGET2 System) specified in the applicable Final Terms;
- (2) if "TARGET2 System" is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and
- (3) either (x) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country

of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (y) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) **Rate of Interest**

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

(i) *ISDA Determination for Floating Rate Notes*

Where "ISDA Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

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

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

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

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

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

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

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A)

above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

In these Conditions

"Reference Rate" means one of the following benchmark rates (specified in the applicable Final Terms) in respect of the Specified Currency and period specified in the applicable Final Terms: (a) LIBOR; (b) EURIBOR; (c) KIBOR; (d) SHIBOR; (e) HIBOR; (f) KLIBOR; (g) SIBOR; (h) EIBOR; and (i) SAIBOR;

"Relevant Screen Page" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

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

(c) ***Benchmark Replacement***

Notwithstanding the other provisions of this Condition 5.2, if the Issuer determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (i) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **"IA Determination Cut-Off Date"**), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (ii) if (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 5.2(c) prior to the relevant IA Determination Cut-Off Date, then the Issuer (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 5.2(c) applying *mutatis mutandis*) to allow such determinations to be made by the Issuer without consultation with the Independent Adviser;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(c));
- (iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), if any, shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be); and

- (v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5.2(c) and the Independent Adviser (following consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 5.2(c)(vi): (x) the Issuer shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Agents shall (at the Issuer's expense), without any requirement for the consent or sanction of the Noteholders, be obliged to concur with the Issuer in effecting such Benchmark Amendments. For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Noteholder or person;
- (vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents (such notice to be delivered not less than 10 Business Days prior to the date on which such Benchmark Amendments are due to come into effect) and, in accordance with Condition 14, the Noteholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any);
- (vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this 5.2(c)(vii) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 5.2(c); and
- (viii) the Independent Adviser appointed pursuant to this Condition 5.2(c) shall act and make all determinations pursuant to this Condition 5.2(c) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Issuer shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents, the Noteholders or the Couponholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5.2(c).

For the purposes of this Condition 5.2(c):

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

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

"Alternative Reference Rate" means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer) determines, in accordance with this Condition 5.2(c), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

"Benchmark Event" means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist for at least five Business Days; or (ii) public statement by the administrator of the relevant Reference Rate that the relevant Reference Rate is (or will be deemed by such administrator to be) no longer representative of its relevant underlying market; or (iii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be permanently or indefinitely discontinued; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or (vi) it has become unlawful for the Issuer, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate, **provided that**, (x) in the case of (ii) above, the Benchmark Event shall occur on the date with effect from which the relevant Reference Rate will no longer be (or will be deemed by the relevant administrator to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement; and (y) in the case of (iii), (iv) and (v) above, the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and, in each case, not the date of the relevant public statement;

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

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

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

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

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

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

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

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

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

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the **"Interest Amount"**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

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

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

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

- (i) if **"Actual/Actual (ISDA)"** or **"Actual/Actual"** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if **"Actual/365 (Sterling)"** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **"Actual/360"** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

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

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

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

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

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

(f) ***Linear Interpolation***

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

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

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

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

(h) ***Certificates to be final***

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

5.3 **Accrual of interest**

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

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

6. **PAYMENTS**

6.1 **Method of payment**

Subject as provided below:

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

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

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

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

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

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

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

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

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

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

6.4 **Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on

the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

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

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

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

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

6.5 **General provisions applicable to payments**

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

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

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

similar restrictions on the full payment or receipt of principal and interest in U.S. dollars;
and

- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 **Payment Day**

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Final Terms; and
 - (iii) if "TARGET2 System" is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has made no election and will receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City and London.

6.7 **Interpretation of principal and interest**

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

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

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

7. **REDEMPTION AND PURCHASE**

7.1 **Redemption at maturity**

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

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

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

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

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

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

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

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

7.4 **Dissolution at the Option of the Government (Clean Up Call Right)**

If Clean Up Call Right is specified as being applicable in the applicable Final Terms and 75 per cent. or more of the aggregate nominal amount of the Notes then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 7, the Issuer may having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Clean Up Call Right Date**")) and the Principal Paying Agent redeem all, but not some only, of the Notes at the Clean Up Call Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the Clean Up Call Right Date.

7.5 **Early Redemption Amounts**

For the purpose of Condition 10:

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

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

where:

"**RP**" means the Reference Price;

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

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

7.6 **Purchases**

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

outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 15.

7.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.6 (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer shall be made in the Specified Currency without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for or on account of, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of a Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or Couponholders of such amounts as would have been receivable by them, had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Note or Coupon:

- (a) held by or on behalf of a holder who is liable for such Taxes in respect of such Note or Coupon by reason of having some connection with a Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the relevant Noteholder or Couponholder would have been entitled to such additional amount if it presented the relevant Note or Coupon for payment on the last day of such period of 30 days, assuming that day to have been a Payment Day (as defined in Condition 6.6).

In these Conditions:

"Relevant Jurisdiction" means the Emirate of Sharjah, the UAE or any political subdivision or authority thereof or therein having the power to tax;

"Relevant Date" means, in relation to any payment, the date on which the payment in question first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys has been so received or (if earlier) the date seven days after that on which notice is duly given to Noteholders in accordance with Condition 14 that, upon further presentation or surrender, as applicable, of the relevant Note or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation or surrender, as applicable; and

"Taxes" means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature.

9. **PRESCRIPTION**

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

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

10. **EVENTS OF DEFAULT**

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

- (a) default is made by the Issuer in the payment of the principal of, or any interest on, any of the Notes when due and the default continues for a period of 14 Business Days; or
- (b) the Issuer fails to perform or observe any one or more of its other obligations or undertakings in respect of the Notes and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the Issuer by any Noteholder; or
- (c) any Financial Indebtedness of the Issuer is not paid when due nor within any originally applicable grace period or any such Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described) **provided, however, that** it shall not constitute an Event of Default under this paragraph (iii) unless the aggregate amount of all such Financial Indebtedness shall be more than U.S.\$30,000,000 (or its equivalent in any other currency or currencies); or
- (d) any execution, distress, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of the Issuer or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, and any such event is not discharged within 30 days; or
- (e) the Issuer fails to comply with or pay any sum which amount shall not be less than U.S. \$50,000,000 (or its equivalent in any other currency or currencies) due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for a period of 60 days following the service by any Noteholder on the Issuer of notice requiring the same to be paid/remedied; or
- (f) the Issuer enters into an arrangement with its creditors generally for the rescheduling or postponement of any Financial Indebtedness, as a result of its inability or potential inability to fulfil its obligations to them, or a moratorium on the payment of all or any part of the Financial Indebtedness of the Issuer is declared; or
- (g) the Issuer repudiates or challenges the valid, legal, binding and enforceable nature of any, or any part, of the Notes, the Agency Agreement or the Deed of Covenant or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature of any, or any part, of the Notes, the Agency Agreement or the Deed of Covenant, or if the validity of the Issuer's obligations under the Notes, the Agency Agreement or the Deed of Covenant is contested by the Issuer or the Issuer denies any of its obligations under the Notes, the Agency Agreement or the Deed of Covenant; or
- (h) at any time it is or will become unlawful or impossible for the Issuer to perform or comply with any or all of its obligations under the Notes, the Agency Agreement or the Deed of

Covenant or any of the obligations of the Issuer under the Notes, the Agency Agreement or the Deed of Covenant are not or cease to be legal, valid, binding and enforceable; or

- (i) any action, condition or thing at any time required to be taken, fulfilled or done in order to: (A) enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, the Agency Agreement or the Deed of Covenant; or (B) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done,

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

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

In these Conditions, "**Financial Indebtedness**" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount drawn on any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, trust certificates, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee or any successor;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any *Shari'a*-compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;
- (g) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any Securitisation;
- (h) 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; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) (inclusive) above.

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

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence

and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. **AGENTS**

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

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

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

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

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

13. **EXCHANGE OF TALONS**

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

14. **NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in the Republic of Ireland (which is expected to be the Irish Times) or published on the website of the Irish Stock Exchange plc trading as Euronext Dublin (www.ise.ie) or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed

on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

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

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

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

- (a) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement and will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (b) The Issuer or the Principal Paying Agent, on behalf of and under the instruction of the Issuer, will convene a meeting of Noteholders if the holders of at least 10 per cent. in nominal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 15.9) have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within ten days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given (in each case exclusive of the day on which the notice is given and the day on which the meeting is to be held).
- (c) The Issuer (with the agreement of the Principal Paying Agent) will set out the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*;
 - (i) the date, time and location of the meeting;
 - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

- (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
 - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
 - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
 - (vi) whether Condition 15.2, Condition 15.3 or Condition 15.4 shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (viii) such information that is required to be provided by the Issuer in accordance with Condition 15.6;
 - (ix) the identity of the Aggregation Agent and the Claims Calculation Agent (each as defined in these Conditions), if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 15.7; and
 - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) In addition, the Agency Agreement contains provisions relating to Written Resolutions and Electronic Consents (as defined in Condition 15.12). All information to be provided pursuant to Condition 15.1(d) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.
- (f) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to "**debt securities**" means any notes (including, without limitation, the Notes), bonds, debentures or other debt securities or trust certificates issued directly or indirectly by the Issuer in one or more series with an original stated maturity of more than one year.
- (j) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 15 and Condition 16 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

- (k) **"business day"** shall mean a day on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located.

15.2 **Modification of this Series of Notes only**

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

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

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

15.3 **Multiple Series Aggregation – Single limb voting**

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, **provided that** the Uniformly Applicable condition is satisfied.
- (b) A **"Multiple Series Single Limb Extraordinary Resolution"** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A **"Multiple Series Single Limb Written Resolution"** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents

in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) The "**Uniformly Applicable**" condition will be satisfied if:
 - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
 - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (f) It is understood that a proposal under Condition 15.3(c) will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under Condition 15.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

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

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of:

- (i) at least 66.2/3 per cent. of the aggregate nominal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
- (i) at least 66 2/3 per cent. of the aggregate nominal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

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

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

15.5 **Reserved Matters**

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

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single

Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

- (e) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (f) to change the definition of "Uniformly Applicable";
- (g) to change the definition of "outstanding" or to modify the provisions of Condition 15.9;
- (h) to change (A) the legal ranking of the Notes or (B) to approve such other arrangement by way of Extraordinary Resolution of the Noteholders as referred to in Condition 4;
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10(a);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 21;
- (k) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this Condition 15.5;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in these Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
 - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate nominal amount.

15.6 **Information**

- (a) Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 15.2, Condition 15.3 or Condition 15.4, the Issuer shall publish in accordance with Condition 16 (with a copy to the Principal Paying Agent) the following information:
 - (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
 - (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

- (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 15.1(d)(vii).

15.7 **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 15.3 and Condition 15.4, the Issuer may appoint a calculation agent (for the purposes of this Condition 15 and Condition 16, the "**Claims Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Claims Calculation Agent, promulgate the methodology in accordance with which the Claims Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Claims Calculation Agent is appointed, the same person will be appointed as the Claims Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

15.8 **Manifest error, etc.**

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

15.9 **Notes controlled by the Issuer**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 15 and (c) Condition 10, any Notes which are for the time being held by or on behalf of the Government of the Emirate of Sharjah, the Sharjah Finance Department, any other public sector instrumentality of the Government of the Emirate of Sharjah or by or on behalf of any Person which is owned or controlled directly or indirectly by the Government of the Emirate of Sharjah, the Sharjah Finance Department or by any other public sector instrumentality of the Government of the Emirate of Sharjah shall be disregarded and be deemed not to remain outstanding.

A Note will also be deemed to be not outstanding if, in accordance with these Conditions, the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to Condition 16.5, which includes information on the total number of Notes which are for the time being held by or on behalf of the Government, the Sharjah Finance Department or any other public sector instrumentality of the Government (as the case may be) or by or on behalf of any Person which is owned or controlled directly or indirectly by the Government of the Emirate of Sharjah, the Sharjah Finance Department or by any other public sector instrumentality of the Government of the Emirate of Sharjah (as the case may be) and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any

such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

In these Conditions:

"public sector instrumentality" means the Sharjah Finance Department, any agency, any other department or ministry of the Government of the Emirate of Sharjah or any corporation, trust, financial institution or other entity owned or controlled by the Government of the Emirate of Sharjah or any of the foregoing; and

"control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other Persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

15.10 Publication

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

15.11 Exchange and Conversion

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

15.12 Written Resolutions and Electronic Consents

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

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

- (a) approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:
 - (i) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.2, the persons holding at least 75 per cent. of the aggregate nominal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate nominal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
 - (ii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.3, the persons holding at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);
 - (iii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.4, (x) the persons holding at least 66⅔ per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per

cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

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

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

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

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

- (b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (i) by accountholders in the relevant clearing system(s) with entitlements to any global Note and/or (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Agents shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, the relevant clearing system(s) and, in the case of (ii) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer or any Agent 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.

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

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

16. **AGGREGATION AGENT; AGGREGATION PROCEDURES**

16.1 **Appointment**

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

16.2 **Extraordinary Resolutions**

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

16.3 **Written Resolutions**

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

16.4 **Electronic Consents**

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

16.5 **Certificate**

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

The certificate shall:

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

the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

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

16.6 Notification

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

16.7 Binding nature of determinations; no liability

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

16.8 Manner of publication

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

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

17. NOTEHOLDERS' COMMITTEE

17.1 Appointment

- (a) Holders of at least 25 per cent. of the aggregate nominal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) (the "**Relevant Securities**") may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:
 - (i) an Event of Default under Condition 10;
 - (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;
 - (iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other Relevant Securities (whether by amendment, exchange offer or otherwise); or
 - (iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other Relevant Securities are outstanding.

- (b) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 17.1(a), and a certificate delivered pursuant to Condition 17.4, the Issuer shall give notice of the appointment of such a committee to:
 - (i) all Noteholders in accordance with Condition 14; and
 - (ii) the holders of each series of Relevant Securities in accordance with the terms and conditions of such series of Relevant Securities, as soon as practicable after such written notice and such certificate are delivered to the Issuer.

17.2 **Powers**

Such committee in its discretion may, among other things:

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

Except to the extent provided in this Condition 17.2, such committee shall not have the ability to exercise any powers or discretions which the holders of all series of the Relevant Securities (including the Noteholders) could themselves exercise.

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

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

17.4 **Certification**

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

The certificate shall certify:

- (a) that the committee has been appointed;
- (b) the identity of the Members; and

- (c) that such appointment complies with the terms and conditions of the relevant bond documentation.

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

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

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

18. **FURTHER ISSUES**

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

19. **CURRENCY INDEMNITY**

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

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

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

21. **GOVERNING LAW AND DISPUTE RESOLUTION**

21.1 **Governing law**

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

21.2 **Agreement to arbitrate**

Subject to Condition 21.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes and/or the Coupons (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be an attorney experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court (as defined in the Rules); and
- (c) the language of the arbitration shall be English.

21.3 **Option to litigate**

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

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

require that a Dispute be heard by a court of law (a "**Notice to Litigate**"). If any Noteholder or Couponholder gives a Notice to Litigate, the Dispute to which such notice refers shall be determined in accordance with Condition 21.4 and any arbitration commenced under Condition 21.2 in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

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

In the event that a notice pursuant to Condition 21.3 is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this Condition 21.4 is for the benefit of the Noteholders and the Couponholders only. As a result, and notwithstanding paragraphs (a) and (b) above, to the extent allowed by law, any Noteholder or Couponholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, any

Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.

21.5 Waiver of immunity

To the extent that the Issuer may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal or arbitral proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity to the full extent permitted by the laws of that jurisdiction in relation to any Proceedings or Disputes. Further, the Issuer irrevocably and unconditionally consents to the giving of any relief or the issue of any legal or arbitral proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.

21.6 Agent for Service of Process

The Issuer has irrevocably appointed Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom to receive, for it and on its behalf, service of process in respect of any Proceedings or Disputes 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 Issuer). If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in England and notify the Noteholders of such appointment (in accordance with Condition 16 within 30 days. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21.7 Other documents

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

USE OF PROCEEDS

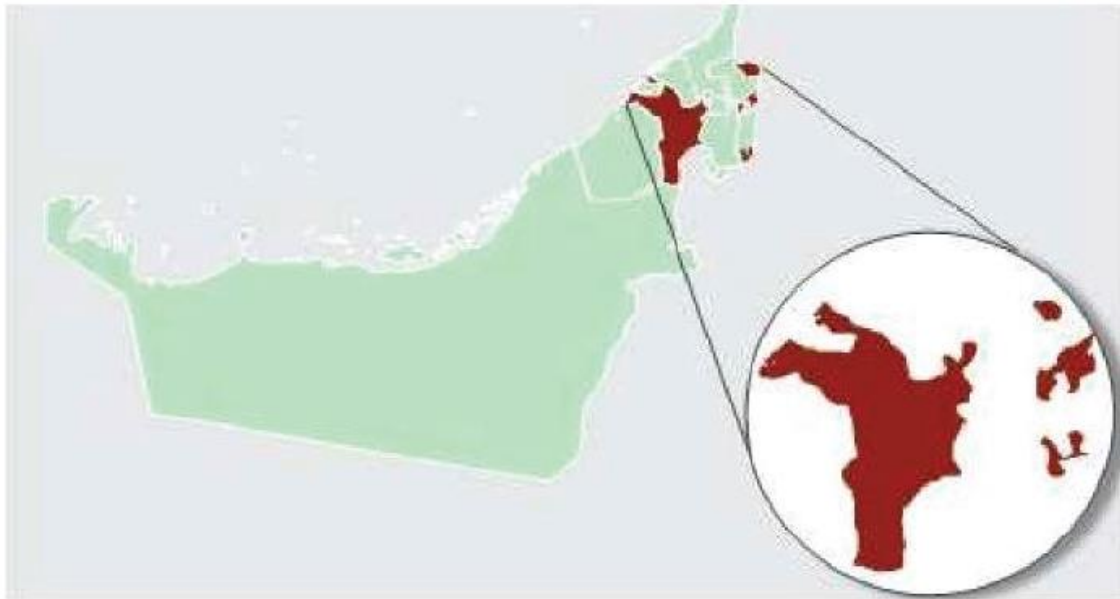
The net proceeds from each issue of Notes will be applied by the Issuer for its domestic budgetary purposes. If there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE EMIRATE OF SHARJAH

Introduction

The Emirate of Sharjah ("**Sharjah**" or the "**Emirate**") is one of seven emirates which together comprise the Federation of the United Arab Emirates (the "**Federation**"). The Federation was established on 2 December 1971. On formation, the Federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. Abu Dhabi is the capital city of the UAE. The President of the UAE is His Highness ("**H.H.**") Sheikh Khalifa bin Zayed Al Nahyan, who is also the ruler of Abu Dhabi. H.H. Sheikh Dr. Sultan Bin Mohammed Al Qasimi ("**H.H. The Ruler**") became the ruler of Sharjah in 1972 and was appointed to the Supreme Council (as defined below).⁵

Location



Sharjah is the third-largest emirate in the UAE. Sharjah borders the Arabian Gulf to the west and shares land borders with all of the other six emirates. The Emirate comprises a main territory, incorporating Sharjah City and the less densely populated Central Region, and three exclaves on the UAE's east coast (Khorfakkan, Dibba Al-Hisn and Kalba), which each provide access to the Arabian Sea and the Indian Ocean through the Gulf of Oman. The island of Sir Bu Nair also forms part of Sharjah. In total, Sharjah covers an area of 2,590 square kilometres, or 3.3 per cent. of the UAE's total area (excluding islands).

The main city of Sharjah, Sharjah City, is situated between the emirates of Dubai and Ajman on the five kilometre deep salt strip running along the west coast. Sharjah City is located around 170 kilometres from the UAE's capital of Abu Dhabi. The length of the coastline falling under the Emirate is approximately 30 kilometres in total, including a 16 kilometre continuous stretch on the Arabian Gulf around Sharjah City.

The UAE as a whole extends along the south-east coast of the Arabian Gulf, from the Kingdom of Saudi Arabia to Ras Al Khaimah in the north and across parts of the Musandam peninsula to the Gulf of Oman in the east. The UAE covers an area of 83,699 square kilometres in total.

History

There is evidence of human settlement dating back to around 120,000 years ago, located in what is now present-day Sharjah (which means "rising sun" in Arabic). Graveyards and adjacent settlements have been found which point to Neolithic communities who lived there from 11,000 years ago. As early as the second

⁵ While the terms "Federal" and "Federation" are used in this description, the term "Union" may be more accurate based upon the definition (ittihad) which the founding fathers of the UAE gave in the 1971 Provisional Constitution of the UAE (as amended). However, in line with common parlance, the terms "Federal" and "Federation" are used throughout this description.

century AD, a map drawn by the Greek geographer Ptolemy indicated the settlement of Sarcoa (where present-day Sharjah is located).

The arrival of envoys from the Prophet Muhammad (peace be upon him) in 630 AD also added to the rich cultural heritage of the region.

Sharjah's modern history began around 1727, when the Al Qasimi clan took over the area of present-day Sharjah and declared the polity independent. While European powers competed for regional supremacy during the eighteenth century (in order to control the lucrative trade routes in and around the Persian Gulf), a local power, the Qawasim, was gathering strength. At the beginning of the nineteenth century, the Qawasim had built up a fleet of over 60 large vessels and could put nearly 20,000 sailors to sea, eventually provoking a British offensive to control the maritime trade routes between the Arabian Gulf and India.

Following the defeat of the Qawasim by the British, Sharjah and the other emirates of the current UAE each entered into a separate treaty with the British. Such a treaty was also motivated by a sense of resistance to the growing Ottoman imperial influence, which was beginning to make its presence felt in the area. Thus, on 8 January 1820, Sheikh Sultan bin Saqr Al Qasimi signed the General Maritime Treaty with Great Britain. The emirates eventually became collectively known as the Trucial States or Sheikdoms and the area was generally known as the Trucial Coast. The Sheikdoms were each led by a Sheikh, who typically belonged to the most influential tribe in that area (being the Al Qasimi dynasty in the case of Sharjah). In Sharjah, alongside fishing and trading, pearling was a primary income-generating industry that lasted into the late 1940s. The first international airport on the Trucial Coast was established in Sharjah in 1932.

The British remained in the area until their withdrawal from the region in 1971. Steps were then taken by the rulers of the seven emirates to bring the individual Sheikdoms together into a single Federation. This resulted in the formation of the Federation by six of the seven emirates of the UAE (including Sharjah) in December 1971, with Ras Al Khaimah joining in February 1972.

In May 1976, the seven emirates agreed to merge their armed forces. In 1979, the ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, became Prime Minister of the Federal Government. H.H. Sheikh Zayed bin Sultan Al Nahyan of Abu Dhabi served as President of the UAE from 1971 until his death in November 2004, when he was succeeded by his son, H.H. Sheikh Khalifa bin Zayed Al Nahyan, as ruler of Abu Dhabi and President of the UAE.

Population

According to the FCSA, the UAE had a population of approximately 9.5 million in 2019.

The population of the UAE has grown significantly since 1975, reflecting an influx of foreign labour, principally from the Indian subcontinent, as the emirates have developed.

Recent population growth in Sharjah has been lower than in some of the other emirates. As a result, the population as a percentage of the UAE's population has decreased from approximately 20 per cent. in 2005 to approximately 15 per cent. in 2015. The table below illustrates this growth since 1975.

	Sharjah population	Total UAE population
1975	78,790	557,887
1980	159,317	1,042,099
1985	228,317	1,379,303
2005	793,573	4,106,247
2015	1,408,699	9,104,000
2019 (estimated).....	1,470,552	9,503,738

Source: Government internal sources, official census data for 1975, 1980, 1985, 2005 and 2015.

In January 2017, the Sharjah Department of Statistics and Community Development published the Sharjah Census 2015. The official total population of Sharjah was 1,408,699 in 2015 and is estimated to be approximately 1,470,552 in 2019. This comprehensive study superseded the previous post-2005 data series, which was estimated according to the component methodology, using data on the number of births, deaths and migrants. According to the latest data published by the FCSA, UAE nationals officially make up less than 12 per cent. of the overall population of the UAE and 18.5 per cent. of the Emirate's population. In keeping with the rest of the UAE, expatriates resident in Sharjah are mainly from the Indian subcontinent and other Arab countries.

Education and training are an important strategic focus for the Emirate (see further "*The Economy of Sharjah — Infrastructure — Education*" below). Based on the Sharjah Census 2015, for the population aged 10 or more, approximately 26.8 per cent. of the active population had university or equivalent level degrees and a further 39.5 per cent. had completed secondary education. The Government believes that one of its key future challenges will be the creation of jobs for the local population and has undertaken initiatives with the Federal Government to educate and motivate young UAE nationals to join the workforce, with a particular emphasis on the private sector (see "*The Economy of Sharjah — Infrastructure — Education*").

Relationship between the UAE Constitution and Sharjah

The UAE Constitution

The original constitution of the UAE (the "**Constitution**") was provisional and established the legal framework for the Federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996 (which also confirmed Abu Dhabi as the permanent capital of the UAE).

The major principle articulated by the Constitution in relation to the separation of powers between the Federation and the individual emirates is that, on specific legislative and executive matters (or solely legislative matters), competencies were conferred on the Federation, with each individual emirate remaining sovereign within its own territory on all residuary matters.

Accordingly, pursuant to Articles 120 and 121 of the Constitution, the Federal Government has exclusive legislative and executive competence in relation to: foreign affairs; national security and defence; nationality and immigration; finance, taxation and public borrowing of the Federal Government; education; public health; postal, telephone and other communications services; and air traffic control and the licensing of aircraft. The UAE's monetary and exchange rate policy is also managed on a Federal basis by the UAE Central Bank. See further "*Monetary and Financial System*" below.

Similarly, pursuant to Article 121 of the Constitution, the Federation has exclusive legislative (but not executive) competence in relation to, for example, labour relations, banks, insurance, major codal legislation, intellectual property protection, the delimitation of territorial waters, the extradition of criminals and the establishment and regulation of free trade zones. In relation to these competencies, the implementation of the Federal legislation is left to the executive authorities of each emirate.

Article 122 of the Constitution confirms that "the Emirates shall have competence in relation to all matters where the Federation does not hold exclusive competence in accordance with the provisions of the preceding two Articles".

Accordingly, the governments of the individual emirates retain flexibility in the governance and management of their own emirates. Examples of the sectors for which the Government has retained responsibility include its customs controls, local planning authorities and tourism. The natural resources and wealth in each emirate are considered to be the public property of that emirate.

Federal Supreme Council

The UAE is governed by the Supreme Council of the rulers of each of the emirates (the "**Supreme Council**"). This is the highest Federal governing body and consists of the rulers of the seven emirates. The Supreme Council elects, from its own membership, the President and the Vice President of the UAE (each for renewable five-year terms). The Supreme Council is vested with legislative as well as executive powers. It ratifies Federal laws and decrees, plans general policy and approves the appointment, resignation or dismissal of the Prime Minister.

In 1971, the then-ruler of Abu Dhabi, H.H. Sheikh Zayed bin Sultan Al Nahyan, was elected as the first President of the UAE and was re-elected President for successive five-year terms until his death in November 2004. In 1971, the then-ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, was elected as the first Vice-President of the UAE and continued as Vice-President until his death in 1990. Both were succeeded by their respective Crown Princes, H.H. Sheikh Khalifa bin Zayed al Nahyan, who became ruler of the emirate of Abu Dhabi in 2004, and H.H. Sheikh Mohammed bin Rashid Al Maktoum, who became the ruler of the emirate of Dubai in 2006 (after having succeeded his brother, Sheikh Mohammed bin Rashid Al Maktoum, who served as Ruler of Dubai following the death of H.H. Sheikh Rashid bin Saeed Al Maktoum); and were elected by the members of the Supreme Council to become, respectively, President (for the ruler of Abu Dhabi) and Vice-President (for the ruler of Dubai) of the UAE.

H.H. The Ruler has represented Sharjah in the Supreme Council since becoming the ruler of Sharjah in 1972.

Federal Council of Ministers

The Federal Council of Ministers (the "**Cabinet**") is described in the Constitution as "the executive authority" for the Federation and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the Federation. Based in Abu Dhabi, the Cabinet is headed by the Prime Minister (H.H. Sheikh Mohammed bin Rashid Al Maktoum) and consists of his two Deputy Prime Ministers (H.H. Sheikh Saif bin Zayed Al Nahyan and H.H. Sheikh Mansour bin Zayed Al Nahyan) and other ministers. These ministers are normally selected (for no fixed term) by the President of the Supreme Council on the recommendation of the Prime Minister. The Constitution defines the competencies of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual Federal budget.

Federal National Council

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

Presided over by a speaker, or two deputy speakers, elected from amongst its members, the Federal National Council has both a legislative and a supervisory role under the Constitution. This means that it is responsible for examining and, as appropriate, amending or rejecting all proposed Federal legislation, and is empowered to summon and to question any Federal minister regarding ministry performance. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself, and its amendments to, or rejection of, draft legislation placed before it can ultimately be overridden by the Supreme Council.

In 2006, reforms were made with a view to enhancing public participation in indirect elections to the Federal National Council. Under these reforms, the ruler of each emirate will select an electoral college whose members should be at least 100 times the number of Federal National Council members for that emirate. The members of each college elect half of the Federal National Council members for their emirate, with the remainder being appointed by the relevant ruler.

Legal and Court System

There are three primary sources of law in the UAE, namely:

- Federal laws and decrees applicable in all seven emirates;
- local laws i.e. laws and regulations enacted by the emirates individually; and
- *Shari'a* (Islamic) law.

The secondary form of law is trade custom or practice. In the absence of Federal legislation on areas specifically reserved to Federal authority, the ruler or local government of each emirate will apply his or its own rules, regulations and practices.

The Federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance of each emirate. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of Federal laws and arbitrate on inter-emirate disputes and disputes between the Federal Government and the emirates.

In accordance with the Constitution, three of the seven emirates (Dubai, Abu Dhabi and Sharjah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective emirates.

Sharjah's judicial system mirrors the structure of the Federal judicial system and is comprised of a Court of First Instance, a Court of Appeal and a Court of Cassation.

International Relations

Pursuant to Article 120 of the Constitution, foreign policy and international relations are a Federal matter and, accordingly, Sharjah has no ability to enter into direct agreements with foreign governments other than, under certain conditions, "limited agreements of a local and administrative nature" with neighbouring states.

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

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance co-operation and to resolve disagreement through the pursuit of dialogue. Accordingly, one of the central features of the country's foreign policy has been the development of closer ties with its neighbours in the Arabian Peninsula. The Co-operation Council for the Arab States of the Gulf (colloquially known as the Gulf Co-operation Council) (the "GCC") region, which comprises the UAE, the State of Kuwait, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar and the Sultanate of Oman, was founded at a summit conference held in Abu Dhabi, in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to building a sense of common purpose among both its people and its governments and, to this end, has supported the strengthening of common institutions, such as the Arab League. Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE also maintains cordial relations with other regional states and has established good relations with the United States, China and the European Union as well as with various developing nations in Africa and many of the countries of the former Soviet Union.

Since the establishment of the UAE, the country has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. Countries that have benefited in recent years from the UAE's financial aid include Pakistan, Palestine, Syria, Sudan, the Republic of Yemen, Bahrain and Egypt. The philosophy behind the aid policy is two-fold: first, the provision of help for the needy is a duty incumbent on all Muslims; and second, the country's policy on utilisation of the revenues from its oil and gas production has always included a component that they should be devoted, in part, to helping other countries that have fewer natural resources.

The UAE is also an active participant in a number of multilateral aid-giving institutions, including the International Bank for Reconstruction and Development, the IMF, the International Development Agency and regional bodies such as OPEC, the Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various other international organisations including, *inter alia*, the GCC, the UN, the Arab League, the Organisation of Islamic Countries, OPEC, the World Health Organisation (the "WHO"), the International Organisation for Industrial Development, the World Trade Organisation and the Asia-Pacific Economic Co-operation.

The UAE currently has an impasse with the Islamic Republic of Iran and the Kingdom of Saudi Arabia over certain border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iranian forces. The UAE believes that the islands should be returned to Sharjah and Ras Al Khaimah, respectively, which claim sovereignty over them, and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified agreement with the Kingdom of Saudi Arabia on the border between the two countries.

The UAE, along with other Arab states, participated in the Saudi Arabian led intervention in Yemen which began in 2015. The intervention was in response to requests for assistance from the internationally

recognised but domestically contested Yemeni government of President Abd Rabbuh Mansur Hadi. The request was due to a Houthi tribal offensive, aimed at Yemen's provisional capital of Aden.

The UAE also joined another Saudi Arabian-led coalition of 34 largely Muslim nations formed in December 2015 to combat Islamic extremism, in particular Islamic State (also known variously as Daesh, ISIS or ISIL).

On 5 June 2017, Saudi Arabia, the UAE and Bahrain announced that they would close their airspace and territorial waters with Qatar within 24 hours of the release of the announcement. Saudi Arabia also closed its land border with Qatar, which is Qatar's only land border. Saudi Arabia, the UAE, Bahrain and Egypt also ended diplomatic ties with Qatar. Yemen, Jordan, Libya, Comoros, Senegal and Mauritania also joined the Saudi-led group shortly thereafter and several other countries including Chad, Djibouti, Maldives and Niger announced that they had downgraded their diplomatic ties with Qatar.

COVID-19 Impact and Response measures Adopted in the UAE and Sharjah

Overview

In December 2019, the emergence of a new strain of the coronavirus was reported in Wuhan, Hubei Province, China. In March 2020, the UAE, alongside the United States, certain EU countries and many other countries worldwide imposed restrictions on travel and on the freedom of movement of people as well as other restrictions intended to reduce in person interactions. These measures, while aiming to slow the spread of COVID-19, are expected to significantly reduce economic activity regionally and globally and it is currently unclear how long these restrictions will be in place and what their ultimate impact will be on global and local economies.

General and Epidemiological Response Measures

On 29 January 2020, the UAE reported its first case of the virus, with the number of COVID-19 cases rising to 42,982 by 16 June 2020, of which 28,861 had recovered and 293 had died (*source*: Ministry of Health and Prevention). The Federal Government has been continuously monitoring the situation relating to the spread of the COVID-19 pandemic and has taken significant steps to address the complex public health and economic impacts of the pandemic. At the heart of the UAE's efforts to combat the virus has been one of the world's most extensive testing programmes, with more than 2.6 million tests conducted by 16 June 2020 (*source*: Ministry of Health and Prevention).

To curb the spread and incidence of COVID-19 in the UAE, the Federal Government has coordinated at all levels of government to help address immediate needs as well as laying the foundation for future responses. The National Disinfection Program is tasked with sanitising all public facilities, streets and public transportation to ensure the highest levels of protection and prevention. The UAE is also working with the World Health Organisation to combat the virus and is also supporting countries in need, for example by donating testing kits and personal protective equipment.

Social and Economic Response Measures

The Ministry of Human Resources and Emiratisation created a 'virtual labour market' to facilitate the provision of job opportunities for suspended employees while the Ministry of Education activated virtual learning for nearly 1.2 million students from various educational institutions, with service providers offering free mobile internet connection to families without home internet services in order to assist with students remote learning needs.

The COVID-19 pandemic has also had a significant impact on supply chain, logistics and transportation. In response to this, the Emirates Food Security Council has developed mechanisms to ensure a steady and sustainable food supply to the UAE such as increasing the total food inventory for long periods by 30 per cent. Additionally, the Ministry of Community Development and Ministry of Economy have collaborated to launch the Al Meer Initiative to provide essential food supplies to 12,000 vulnerable and foreign workers.

In Sharjah, the Government has introduced a range of measures across various sectors intended to mitigate the economic impacts of the operating restrictions put in place across the UAE. The 47-point plan introduced by the Government in March 2020 sought to assist government and private entities, business sectors and individuals affected by the spread of COVID-19. The measures introduced as part of this plan included a 10 per cent. reduction in utility bills for three months starting from April 2020, a three-month

waiver in business licence fees and various other reductions in government fees, fines and regulations. The Government has enacted rent exemptions for certain Government-owned buildings as well as implementing reductions in certain road, transport and logistics related fines and fees such as operating fees at Sharjah International Airport. Furthermore, there have been waivers of certain traffic violation fees and a reduction in port-related fees. In addition, a number of prisoners have been granted early release from custodial sentences relating to non-violent offences in order to facilitate distancing within penal facilities.

Financial Sector Response Measures

Effective from 15 March 2020, the UAE Central Bank implemented the TESS, which includes a range of measures aimed at mitigating the economic effects of COVID-19 within the UAE. Such measures include allowing banks operating in the UAE access to loans and advances extended at zero cost against collateral by the UAE Central Bank, to be used to grant temporary relief to private sector corporate and SME customers and retail clients. In addition (subject to the terms of the TESS), banks are allowed to tap into the capital conservation buffer up to a maximum of 60 per cent. without supervisory consequences and the domestic systemically important banks (the "**D-SIBs**") are allowed to use 100 per cent. of their D-SIB buffer without supervisory consequences (in each case, until 15 March 2021). Furthermore, the UAE Central Bank doubled the size of its stimulus package from AED 126.5 billion on 22 March to AED 256.0 billion and allowed banks and finance companies in the UAE to extend deferrals of principal and interest. In June 2020, to support the operation of the TESS and the general flow of funds into the economy in Sharjah, the Sharjah Liquidity Support Mechanism, established by the Sharjah Finance Department, initiated an AED 4.0 billion financial stimulus package to further alleviate the adverse economic impact of COVID-19 on business and individuals. See "*Risk Factors – Risks relating to the emergence of the 2019 novel coronavirus COVID-19*".

Expected Impact of the COVID-19 Pandemic

While the economic and fiscal cost of COVID-19 is difficult to predict, the Government anticipates a significant time-limited negative impact of the pandemic on the economy. There is considerable uncertainty in respect to the further development of the pandemic (including any potential "second wave") and its macroeconomic consequences, as well as any related shocks in the financial markets.

The Government

The relationship between the Federal Government and the local governments of each emirate in the UAE is laid down in the Constitution, which allows for a degree of flexibility in the distribution of authority and executive responsibilities. The Constitution states that each emirate shall exercise all powers not assigned to the Federation. Each emirate has its own local government, consisting of departments or authorities, so that each emirate retains sufficient political and financial autonomy.

The legislative and executive powers of the government in Sharjah lie primarily with the ruler, supported by the deputy rulers and the Sharjah Executive Council (the "**SEC**"). The ruler of Sharjah is H.H. Sheikh Dr. Sultan bin Mohammed Al Qasimi ("**H.H. The Ruler**"), who was appointed Ruler of Sharjah on 25 January 1972. H.H. Sheikh Sultan Bin Mohammed bin Sultan Al Qasimi assumed the title of Crown Prince in 1999. H.H. the Crown Prince holds the titles of Deputy Ruler of Sharjah and Chairman of the SEC.

The ruler's office provides support and advice to H.H. The Ruler in all his functions as the ceremonial and functional head of the Government. H.H. The Ruler delegates certain day-to-day aspects of the management of Sharjah's Government and its dependencies to the SEC. As Chairman of the SEC, the Crown Prince oversees the implementation of all strategies and plans of governmental bodies and departments. In an effort to increase public participation in politics, the Sharjah Consultative Council (the "**SCC**") was established in 1999 by Emiri Decree No. 3. Like the UAE's Federal National Council, the SCC works closely with the SEC in reviewing legislation and the accountability of Government agencies on issues of policy. In January 2016, for the first time, elections were held for registered Sharjah citizens to elect half of the 42 members of the SCC.

The various departments and other arms of the Government and their respective executives operate under the powers and responsibilities specifically delegated to them from time to time by H.H. The Ruler. The laws adopted in Sharjah are passed by virtue of a decree of H.H. The Ruler.

The public sector of the Government consists of centralised departments and independent authorities.

There are around 70 centralised Government departments, including:

- Directorate of Public Works;
- Department of Culture and Information;
- Finance Department;
- Real Estate Registration Department;
- Economic Development Department;
- Sharjah Petroleum Council;
- Sharjah Police;
- Department of Customs;
- Town Planning Department;
- Department of Civil Aviation; and
- Sharjah City Municipality

Independent authorities in Sharjah, which are wholly or majority publicly owned but operate at arm's length from the Government and are often referred to as government-related entities ("**GREs**"), include: (i) Bee'ah (Sharjah Environment Company); (ii) Sharjah Commerce and Tourism Development Authority; (iii) Hamriyah Free Zone Authority; (iv) Sharjah Electricity and Water Authority ("**SEWA**"); (v) Sharjah Airport International Free Zone ("**SAIF Zone**"); (vi) the Sharjah Investment and Development Authority ("**Shurooq**") and (vii) the Department of Seaports.

Established in 1992 by H.H. The Ruler, the Financial Control Department (the "**FCD**") is independent from the main public sector structures, and is responsible for regulating and monitoring the financial activities of governmental bodies and departments in a capacity similar to that of an internal auditor, along with companies with direct or indirect government ownership of 20 per cent. or more. The FCD produces quarterly and annual reports which are presented to H.H. The Ruler.

The Government has adopted a strategy for its economy which is intended to complement the economic growth in other emirates such as Abu Dhabi and Dubai. There is a notable focus on citizen welfare and enrichment, with particular emphasis on the preservation and celebration of Islamic heritage and culture, and on education. The Government has created one of the most prestigious higher education campuses in "University City", which is still expanding with a new Islamic university, Al Qasimia University, having been officially opened in April 2015. The Emirate's tourism offering centres on its cultural offering, with religious and archaeological sites as well as over 30 museums, which culminated in the recognition of Sharjah as the Capital of Islamic Culture for 2014 by the Islamic Organization for Education, Science and Culture (ISESCO), the Capital of Arab Tourism for 2015 by the Arab Council of Tourism Ministers and as the World Book Capital for 2019 by UNESCO. The Government has sought to ensure the provision of high-quality healthcare, environmental improvement and employment opportunities for Sharjah citizens, with the Human Resources Department (a centralised department of the Government) placing citizens into public sector employment since 2005.

As for economic development, Sharjah differs from some other GCC states in that the Government seeks to limit its direct participation in the economy and instead focus on creating a favourable business environment, attracting inward investment, expanding infrastructure to foster future growth and leveraging cultural heritage to economic advantage. As such, Sharjah has a private sector-driven economy, characterised by a large number of smaller companies. The Government created an Economic Department in 1981, subsequently merged in 1999 with the Industrial Development Department to create the Sharjah Economic Development Department (the "**SEDD**") to create a legal and regulatory environment conducive to business success and aimed at attracting foreign and domestic investment. SEDD's role includes working with the private sector to review areas such as improving efficiency in the public sector, expanding the scope of private ownership, increasing the pace of economic growth and easing the shift towards an open market economy. SEDD's strategy focuses on providing modern, streamlined services and regulation to

businesses, with a particular focus on e-government, efficient licensing and fair and proportionate regulation and inspection.

To further encourage economic development, the Government also created Shurooq in 2009 with the objective of attracting foreign direct investment in the Emirate (see further "*The Economy of Sharjah — Foreign Direct Investment and Free Zones*" below).

The Government's fiscal stance is guided by the principle of only borrowing for capital investment (while allowing for fluctuations over an economic cycle). Despite the economic challenges of the past decade and its significant investment in expansion projects and infrastructure, the Government's approach has led to public debt as a proportion of GDP remaining relatively low in comparison to the Emirate's peers. The Government also established the Debt Management Office (the "**DMO**") in 2012 to coordinate borrowing activity in the public sector (for further detail, see "*Indebtedness*").

The Government's Economic Strategy

Promoting Long-Term Sustainability

The Government's economic strategy is focused on sustainable development, i.e. growing the economy in a manner that is socially beneficial, that can be maintained on a long-term basis and that protects the natural environment of the Emirate. The Government considers this crucial to the long-term prosperity of the Emirate.

The Government's strategy has also been designed to ensure the Emirate's continued resilience to short- and medium-term economic shocks. The UAE economy is in a period of relative uncertainty and heightened financial and macro risk, primarily arising from lower global prices for hydrocarbons. Meanwhile, geopolitical risks have evolved significantly and present new considerations (see "*Risk Factors — Risks relating to Sharjah and the UAE — Current Regional Political Instability*"). In this environment, the Government's focus on sustainable long-term development provides resilience through the Emirate's:

- relatively low reliance on volatile sectors (real estate, hydrocarbons) for economic activity and Government revenues;
- well established concentrations of economic activity in more stable sectors;
- high-quality infrastructure and public services;
- low commercial exposure to volatile sectors through government-related entities ("**GRES**") and investments;
- diverse sources of revenue and ability to reduce expenditure (if necessary); and
- low Government and GRE debt levels.

Focus Areas for Development

The Government envisages that sustainable economic growth will be determined by its success in fostering the development of the following areas of the economy and society of Sharjah:

Real Estate and Urban Planning

The Government has set out an "urban masterplan", focusing on alleviating traffic and reducing urban pollution within the Emirate as well as creating new residential areas to accommodate the expected population growth that will come with sustained economic prosperity. Key components of this masterplan include:

- relocating inner city industrial areas to create new zones on the periphery of the city with better infrastructure access, such as Souq Al Haraj new and used car trading zone, Al Sajaa Industrial Oasis, Emirates Industrial City and Al Hanoo Industrial City;
- expanding the Hamriyah Free Zone and its transport links to highway E311;

- developing new residential districts through traditional zonal development in areas such as Rahmania, and more heavily masterplanned developments such as Al Zahia and Tilal City; and
- undertaking major, coordinated real estate developments in prime locations in the Dubai corridor.

See further "*The Economy of Sharjah — Principal Sectors of the Economy*" below.

Logistics and Infrastructure

Infrastructure development is considered to be a key enabler for the Emirate's future expansion, economic growth and social connectivity. Sharjah is well connected to the other emirates through a series of parallel major multi-lane highways, has comprehensive telecommunication facilities and offers three significant sea ports. The Emirate is also the location of the UAE's third-largest airport, Sharjah International Airport ("SIA"), and is adjacent to the world's busiest airport, Dubai International Airport. Several key infrastructure developments are under way, including the expansion of SIA and road links (see "*The Economy of Sharjah — Infrastructure*").

Tourism

One of the key aims of the Government's economic strategy is to solidify the Emirate's position as an ideal family tourism destination and cultural hub in the GCC region. Notwithstanding the possible challenges arising from any extended impact from COVID-19, the Government aims to attract 10 million visitors annually to the Emirate by 2021, increasing from a total of 7,671,902 visitors in 2019, which included 1.8 million hotel guests, 3.5 million visitors to Sharjah Expo, 1.0 million museum visitors and 1.4 million event attendees. In recognition of the Government's achievements to date, the Emirate was named the "2015 Capital of Arab Tourism" by the Arab Council of Tourism Ministers.

Sharjah hosts several well-known and popular annual events including the Sharjah International Book Fair, Sharjah Light Festival, Sharjah Water Festival and Sharjah Heritage Days. Moreover, Shurooq undertakes joint venture developments with private sector partners to promote the growth of tourism and tourism related commercial activity in the Emirate through the development of world-class tourism facilities and investment in, among other things, tourism-related projects. For a summary of recent projects, see "*The Economy of Sharjah — Principal Sectors of the Economy — Social Accommodation and Food Service*" below.

The UN Educational, Scientific and Cultural Organization ("UNESCO") named Sharjah as World Book Capital in 2019, under its World Book Capital programme, an initiative launched in 1996 that seeks to promote publishing activities on local and global levels by nominating an annual capital. The programme aims to promote peace, cultural enrichment, and intercultural dialogue through education, communication and the sharing of information.

Education

The development of the Emirate's education system has been a key priority for the Government, which has led to significant investments in human capital, founded on the belief that an educated population is vital to the long-term growth of the Emirate's economy.

The Emirate is aiming to establish itself as a regional centre for educational excellence and, in order to achieve this, the Government has invested significantly in this area in recent years. For a summary of such investment, see "*The Economy of Sharjah — Infrastructure — Education*" below.

Energy and Environment

The Government regulates and monitors, among other things, the management, operation and maintenance of the Emirate's electricity and water assets and facilities to ensure that present and future consumer demands for water and power services are properly met through sustainable planning and development, and to ensure that local water and electricity projects are managed and operated in line with international best practices and applicable environmental laws.

Sustainability is at the heart of the vision of the Sharjah Electricity and Water Authority ("SEWA"), as demonstrated by the implementation of:

- a drive for energy efficiency, with SEWA encouraging all customers to cut power consumption by 30 per cent.;
- investment in network efficiency to cut power leakage;
- higher fuel standards benefiting local air quality as well as boosting operational performance; and
- the revision of electricity and water tariffs in order to incentivise energy conservation.

SEWA is also empowered to establish clean energy companies and to enter into joint ventures with companies in the field of renewable and alternative energy.

For further detail, see *"The Economy of Sharjah — Infrastructure — Utilities"* below.

Health

Although public healthcare for UAE nationals is a Federal responsibility, the Government sees an important role in encouraging development of the private healthcare sector in the Emirate, as part of a broader strategy to enhance public health among all residents. In 2012, the Government established the Sharjah Healthcare City free zone, designed to capitalise on regional demand for high-quality health services and to attract investment from experienced healthcare providers from the UAE and overseas.

In recognition of the Government's efforts and achievements in developing public health policy in the Emirate, in September 2015, Sharjah City was designated as the Middle East's first Healthy City by the WHO. According to the WHO, a Healthy City is one that "continually creates and improves its physical and social environments and expands the community resources that enable people to mutually support each other in performing all the functions of life, and developing to their maximum potential". The Emirate met 88 per cent. of the accreditation criteria in September 2015, surpassing the 80 per cent. qualifying threshold set by the WHO.

Ratings

On 14 February 2020, S&P downgraded the long-term foreign and local currency sovereign credit rating of Sharjah from BBB+ to BBB with a stable outlook and affirmed the short-term rating at A-2. The downgrade in ratings reflects the wider than anticipated deficit owing to decreased government revenue from government related entities and land sales, increased government grants and land compensation payments as well as decreased payments to contractors. The stable outlook reflected S&P's expectation that Sharjah's economy would expand steadily and that its debt and interest burdens would increase at a lower pacer over the next two years. Subsequently, on 24 April 2020, S&P changed the rating outlook to negative, reflecting a deterioration in the performance of the UAE as a whole against their measure of gross external financing needs, as well as the potential economic and fiscal impacts of COVID-19 and lower oil prices in Sharjah.

On 18 February 2020, Moody's downgraded the long-term foreign and local currency issuer rating of Sharjah from A3 to Baa2, and changed the outlook from negative to stable. Moody's has stated that the reason for the change in Sharjah's rating is its lower assessment of Sharjah's institutions and governance strength in comparison to previous assessments noting evidence of significant slippage on fiscal targets and the incurrence of contingent liabilities. Additionally, the ratings downgrade is attributed to the widening of the fiscal deficit and an accelerated accumulation of debt. The rating takes into account Moody's expectation of a further rise in the debt burden but the stable outlook acknowledges low external vulnerability risk, a credible currency peg, ample funding sources, high income levels and a diversified economy.

Business Address

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THE ECONOMY OF SHARJAH

Introduction

Sharjah has a diverse economy, best known for its strength in industry and manufacturing. The economy of Sharjah benefits from Sharjah's membership of the UAE and its political and macroeconomic stability, its advantageous geographic location, its transport and logistical infrastructure, long-established economic clusters in economic free zones and industrial areas, broad-based economic development driven by small and medium-sized enterprises ("**SMEs**") and the private sector, relatively low costs of doing business, an increasingly well-educated local workforce and the Government's financial robustness.

A founding member of the UAE, Sharjah benefits from the prevailing global view of the country as a stable and tolerant location that is open to trade, tourism and international business. It also benefits from the UAE's strong macroeconomic position and spending by the Federal Government on a range of key government functions, largely funded by fiscal transfers from the Government of Abu Dhabi. Within the UAE, Sharjah is unique in bordering all six other emirates and in holding seaboard on the country's west and east coasts. This central location has been exploited through the development of an extensive network of highways, container ports on both coasts and a growing international airport.

In contrast to some states/countries in the GCC, the Government is not extensively involved directly in the major commercial sectors of the economy. It has minority shareholdings in some strategic enterprises and directly operates critical infrastructure, but otherwise seeks to encourage the private sector to lead economic growth. Clusters of specialisation have developed around the Emirate's 19 industrial areas and two established free zones, with many businesses growing up from the large number of SMEs, and the Government envisages future development in sectors such as tourism, healthcare, environmental industries, logistics and education. Economic activity and growth have been spread broadly across economic sectors, and the economy remains well diversified. Businesses are attracted to Sharjah because of the relatively low cost of property and labour and the absence of general corporate or personal income tax (excluding a levy on foreign banks and oil-extracting companies).

Gross Domestic Product

Sharjah's GDP was relatively resilient to swings in the macroeconomic cycle in recent years, including the 2008 global financial crisis (with nominal GDP falling in 2009 and subsequently returning to growth in 2010) and the fall in commodity prices in 2015.

This resilience was the result of the diversified nature of the Emirate's economy, low public sector debt and relatively low dependence on and government exposure to more volatile sectors, such as hydrocarbons and real estate. In 2019, according to data from DSCD, the Emirate's GDP increased (in nominal terms) to AED 125.1 billion as compared with AED 123.9 billion in 2018, representing a 1.0 per cent. increase from 2018 in nominal terms. The wholesale and retail trade sector is the largest sector of the Sharjah economy, accounting for 23.2 per cent. of its GDP in 2019, followed by the manufacturing sector, which accounted for 17.0 per cent. of GDP in 2019. Following review and approval from the FCSA, the DSCD began reporting GDP data for Sharjah in 2020 for a data series starting in 2017, and the new data series differs from and supersedes GDP and other information for Sharjah previously reported by the FCSA.

The UAE has one of the largest economies in the MENA region, with a nominal GDP of AED 1,546,645 million in 2019. According to the FCSA, real GDP growth in the UAE was 2.4 per cent. in 2017, 1.2 per cent in 2018 and 1.7 per cent. in 2019. According to IMF forecasts, real GDP growth, not yet fully taking into account the impact of COVID-19, is forecast to be -3.5 per cent. in 2020.

First quarter economic activities in the UAE witnessed mixed movements. The UAE economy performed well during the first two months of 2020. However, this was followed by a general slowdown in major activities amid the precautionary measures related to the COVID-19 pandemic. The UAE government, in line with the recommendations of the World Health Organization ("**WHO**"), established partial restrictions to limit the spread of the virus, which constrained domestic economic activities, tourism, and consumption. Overall GDP growth for the year 2020 is expected to contract by 3.6%, according to CBUAE estimates. This forecast is based on various assumptions which include, *inter alia*, that established policies of national authorities at the time of the forecasts will be maintained and that the average price of oil will be \$57.94 a barrel in 2020. These forecasts may not accurately reflect the result of the global restrictions imposed aiming to slow the spread of COVID-19 and the decrease in oil prices in early 2020. See "*Risk Factors – Risks relating to the emergence of the 2019 novel coronavirus COVID-19*".

Sharjah's GDP per capita was estimated at AED 85,103 in 2019.

The following table shows the UAE and Sharjah GDP and Sharjah GDP per capita for the years indicated:

	2017	2018	2019
UAE GDP (AED billion)	1,416.1	1,550.6	1,546.6
Sharjah GDP (AED billion)	120.6	123.9	125.1
Sharjah per capita GDP (AED)	83,768	85,482	85,103

Source: FCSA, DSCD, Sharjah Census (with interpolated population estimates between Census dates and assumed population growth rate beyond the 2015 Census date)

Sharjah's GDP growth has been largely driven by a diverse private sector, with some 60,000 companies registered onshore (i.e. not in one of the free zones) by SEDD, as shown in the table below.

	2017	2018	2019
Number of Licences	64,640	59,422	59,924

Source: SEDD.

Principal Sectors of the Economy

Sharjah's economy is well diversified without any single sector contributing more than 25 per cent. of GDP in 2019. Recent economic growth has been broad-based across multiple sectors.

The following table sets out the contribution of each sector to the economy of Sharjah for the years indicated:

	2017 (AED millions)	% of total %	2018 (AED millions)	% of total %	2019* (AED millions)	% of total %
Agriculture, Forestry and Fishing.....	1,458	1.2	1,477	1.2	1,500	1.2
Mining and quarrying (includes crude oil and natural gas)	5,112	4.2	5,423	4.4	5,204	4.2
Manufacturing	19,497	16.2	19,790	16.0	20,321	16.2
Electricity, gas and water supply; waste management activities.....	2,917	2.4	3,004	2.4	3,130	2.5
Construction	10,559	8.8	10,850	8.8	10,988	8.8
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	27,552	22.8	28,130	22.7	27,850	22.3
Transportation and storage	7,122	5.9	7,502	6.1	7,527	6.0
Accommodation and food services activities	2,760	2.3	2,840	2.3	2,799	2.2
Information and communication	994	0.8	1,025	0.8	1,040	0.8
Financial and insurance activities.....	9,516	7.9	9,820	8.0	10,105	8.1
Real estate activities	12,018	10.0	12,106	9.8	11,957	9.6
Professional, scientific and technical activities.....	6,908	5.7	7,190	5.8	7,305	5.8
Administrative and support service activities.....	2,083	1.7	2,135	1.7	2,170	1.7
Public administration and defence; compulsory social security	4,252	3.5	4,493	3.6	4,942	3.9
Education	3,040	2.5	3,137	2.5	3,215	2.6
Human health and social work activities	1,266	1.0	1,310	1.1	1,340	1.1
Arts, recreation and other service activities.....	2,607	2.2	2,725	2.2	2,850	2.3
Activities of households as employers	935	0.8	939	0.8	905	0.7
Total	120,596		123,895		125,148	
Total Non-oil.....	115,483		118,472		119,944	

* Preliminary data subject to revision.

Wholesale and retail trade

The wholesale and retail trade sector is the largest measured sector of Sharjah's economy and contributed approximately 22.8 per cent. of Sharjah's nominal GDP in 2019, 22.7 per cent. in 2018 and 22.3 per cent. in 2017.

The sector is primarily driven by the growth in Sharjah's economy and population as well as an increase in the number of new malls and the number of expatriates choosing to reside in Sharjah. Sharjah is also

selected as a base for several wholesalers due to its attractive tax environment and connections to the MENA region.

Most activity in this sector is firmly led by the private sector. Sharjah Holding, a joint venture between the Government and Majid Al Futtaim Properties LLC, is currently developing neighbourhood malls to service residential districts within Sharjah. Majid Al Futtaim Properties LLC is also developing Sharjah's largest mall, a "super-regional" scale complex with a gross leasable area of 130,000 square metres which is scheduled to open in 2020.

As noted above, although most activity in this sector is led by the private sector, the Government has become directly involved in some projects of strategic and/or social importance, including the construction of a fish, meat, fruit and vegetable market in the Jubail district, consisting of a 400 unit facility at a cost of approximately AED 173 million. Completed in 2015, the market in the Jubail district of Sharjah City exists to protect traditional local trade, enhance product quality and to attract tourists and shoppers to the heritage area of Sharjah City.

In addition, the Government has relocated the used-car hub in Sharjah to a new auto mall, the Souq Al Haraj Auto Mall (the "**Auto Mall**") located on one of the outer highways, which covers an area of 420,000 square metres, at a cost of approximately AED 268 million. The Auto Mall is intended to ensure the sustainability of Sharjah's large second-hand car market.

Manufacturing

The manufacturing sector is the second-largest measured sector of Sharjah's economy and was 16.2 per cent. of Sharjah's nominal GDP in 2019, 16.0 per cent. in 2018 and 16.2 per cent. in 2017. While the manufacturing sector is diverse and competitive, the most significant sub-sectors include cement, glass, petrochemicals, paint, dried food and household goods.

Sharjah's manufacturing industries have developed in clusters centred on 19 industrial areas to the east of Sharjah City and on two economic free zones: (i) the Hamriyah Free Zone ("**HFZ**"); and (ii) the Sharjah Airport International Free Zone ("**SAIF Zone**"). The Government has allocated land for and commenced the development of new industrial areas along the Emirate's major outer highways, including Emirates International City (covering 25.3 million square metres) and Sharjah Investment Centre (covering 3.0 million square metres), as well as a new research technology and innovation park situated on 1.8 million square metres of land and established by the American University of Sharjah ("**AUS**") and Mamoura Diversified Global Holding PJSC (see further "*Foreign Direct Investment and Free Zones — Sharjah Airport International Free Zone ("SAIF Zone")*" below).

The Government continues to release land for industrial development to facilitate economic expansion. The Al Sajaa area, situated close to two major highways and in close proximity to Sharjah International Airport and Al Hamriya Port, is currently the site of significant industrial activity, including in the oil and gas and cement sub-sectors, and the Government (through Sharjah Asset Management LLC) has recently completed the first and second phases of a project to sell and lease parcels of land covering an area of 1.31 million square metres in Al Sajaa Industrial Oasis. The Al Sajaa Industrial Oasis comprises 353 plots for light and medium industrial, mixed, retail and accommodation units and plots are available for sale to UAE Nationals, GCC and Arab residents as freehold investments. All other residents may apply for a 100-year leasehold (usufruct right).

Sharjah Cement and Industrial Development Co. (PJSC) ("**SCIDC**") was established in 1977 under an Emiri Decree issued by H.H. The Ruler and is one of Sharjah's important local manufacturers in the cement and building materials industry. SCIDC is a private sector company listed on the Abu Dhabi Stock Exchange ("**ADX**"). As at the date of this Base Prospectus, the Government held 14.78 per cent. of the shares in SCIDC through Sharjah Asset Management LLC and 9.09 per cent. of the shares in SCIDC through the Sharjah Social Security Fund (the "**SSSF**"). SCIDC's total comprehensive income in 2019 was AED 13,088 million, compared to AED 17,393 million in 2018 (*source*: SCIDC).

Real Estate Activities

The real estate sector is the third-largest measured sector of Sharjah's economy and contributed 9.6 per cent. of Sharjah's nominal GDP in 2019, 9.8 per cent. in 2018 and 10.0 per cent. in 2017.

Recent initiatives in the sector include the construction of the Sharjah Waterfront City by Sharjah Oasis Real Estate Development. The land reclamation work for the project was completed in 2016 and the development will, upon completion, comprise 5.6 million square metres of residential developments across 10 islands situated around a new creek. The development is listed by the Middle East Economic Digest as the third-largest mixed-use development currently underway in the Middle East.

In 2017, the privately-owned development company Arada announced the Al Jada project, a 2.2 million square metre master-planned mixed-use development that is intended eventually to house 70,000 residents, located adjacent to the University City. On 27 February 2020, Arada officially opened the first of three phases of the of the Madar at Al Jada project. Located in the heart of the Al Jada development, Madar Al Jada is a new entertainment complex containing 18 food and beverage outlets, an events hall and an amphitheatre for outdoor events with a maximum capacity of 50 people. Once fully completed, Madar Al Jada will incorporate a large range of facilities and attractions including a large public square, an immersive children's adventure zone, an extreme sports centre, two retail zones, and an 11-screen cinema.

The Al Zahia development is another large residential development under construction, offering 1.3 million square metre mixed-use project in a joint venture partnership between the Government and Majid Al Futtaim Properties LLC (known as Sharjah Holding), located near SIA and the University City of Sharjah. The first phase of the construction of Al Zahia was completed in 2014. In September 2017, Al Zahia launched the Al Lilac project, with the release of 61 luxury four and five bedroom villas. In 2018, Al Zahia began handover of homes in the Al Narjis neighbourhood and in September 2019, the joint venture announced the launch of the Orchid neighbourhood. The Al Zahia development is expected to be completed in 2023 and it is hoped that the development will be home to more than 12,000 residents in villas, townhouses and apartments as well as leisure facilities and retail offerings. In another joint venture between the Government and the private sector, Tilal City permits property buyers to develop their own plots in a location adjacent to a major inter-emirate highway, choosing from a menu of approved design options.

According to Article 4 of Law No. 5 of 2010 on Real Estate Registration in the Emirate of Sharjah, ownership of any real estate property in the Emirate is restricted to UAE and GCC nationals, or companies wholly-owned by UAE and GCC nationals. Article 4 of Law No. 5 of 2010 on Real Estate Registration provides for exceptions where: (i) ownership is granted by approval of H.H. The Ruler; (ii) ownership is obtained through heritages, according to a Shari'a notification; or (iii) ownership is obtained through the assignment by the owner to one of his or her relatives of first degree.

Restrictions on foreign ownership and limited price growth in recent years meant that, although real estate prices in Sharjah were materially affected by the 2008 global financial crisis, there was a limited impact on Sharjah's economy and public finances. With most property owned by end-users or active landlords, the Emirate did not experience the rapid withdrawal of foreign capital that was seen elsewhere in the region. On 16 November 2014, H.H. The Ruler issued Executive Council Resolution No. 26 of 2014 ("**Resolution No. 26**"), which allows foreign nationals and companies owned by foreign nationals to own usufruct rights over vacant plots of land for a period of 100 years in Sharjah, and to register such usufruct rights with the Sharjah Real Estate Department. Resolution No. 26 was issued to promote investment in Sharjah, by opening Sharjah's real estate market to foreigners through long-term leasehold arrangements. The Government intends to utilise the new arrangements for foreign ownership on a very limited number of plots in new developments.

According to the Real Estate Registration Department (a centralised department of the Government), the value of sales transactions in the real estate sector amounted to AED 24.2 billion in 2019 compared to AED 22.6 billion in 2018 and AED 29.8 billion in 2017. Most of these transactions were conducted by GCC nationals.

Financial and Insurance Activities

The financial and insurance activities sector contributed 8.1 per cent. of Sharjah's nominal GDP in 2019, 8.0 per cent. in 2018 and 7.9 per cent. in 2017.

There are four banks incorporated in Sharjah: Bank of Sharjah ("**BoS**"), Invest Bank, Sharjah Islamic Bank ("**SIB**") and United Arab Bank (which have two, six, 21 and seven branches, respectively, in the Emirate). In addition, there are 15 branches of foreign banks and 93 branches of non-Sharjah based national banks (or a total of 129 branches of national banks). As at the date of this Base Prospectus, the Government held 17.16 per cent. of the share capital of BoS and 28.46 per cent. of the share capital of SIB through Sharjah Asset Management LLC, a wholly owned subsidiary of the Finance Department. In addition, the SSSF

holds a 9.09 per cent stake in SIB. Both BoS and SIB are listed on the ADX (for further detail on the financial sector, see *"Monetary and Financial System — Banking and Financial Services"*).

In addition to the holdings described above, in December 2018, the Government offered to support the capital requirements of Invest Bank with an injection of AED 1,115 million in exchange for a 50.07 per cent. stake in the bank, at a purchase price of AED 0.70 per share. The proposal included a commitment to underwrite a subsequent rights issue by Invest Bank during 2019 with up to AED 785 million, should the bank require further capital during the year. The proposal was subsequently accepted by all parties and the initial injection was made in April 2019, giving the Government of Sharjah a 50.07 stake in Invest Bank. The second funding injection had not been completed as at the date of this Prospectus, but the Government remains committed to completing the second round of funding, if required. Invest Bank is listed on the ADX.

Whilst viewing the Invest Bank transaction as a commercially and strategically viable investment in its own right, the Government has also stated that it is exploring ways to rationalise and consolidate the Emirate's financial services sector.

Mining and quarrying

The mining and quarrying sector, which includes crude oil and natural gas, contributed 4.2 per cent. to Sharjah's nominal GDP in 2019, 4.4 per cent. in 2018 and 4.2 per cent. in 2017.

The sector is primarily driven by the production and supply of energy for Sharjah's residents and businesses. Although it produces gas and liquid petroleum gas, the Emirate is a net importer of energy and fuel. In recent years, international crude oil prices have experienced large fluctuations. The OPEC Reference Basket fell from a high monthly average price per barrel of U.S.\$108 in June 2014 to a monthly average price of U.S.\$26.50 in January 2016, subsequently recovering to U.S.\$66.48 in December 2019. The OPEC Reference Basket prices fell significantly from U.S.\$48.35 on 6 March 2020 to U.S.\$34.72 on 9 March 2020, a decrease of 28.2 per cent. On 30 March 2020, the OPEC Reference Basket price had fallen further to U.S.\$20.09, an 18-year low and as at 30 June 2020, the OPEC Reference Basket price had risen to U.S.\$38.22. (see *"Risk Factors – Risk Factors Relating to Sharjah and the UAE — The UAE's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, adversely affected by lengthy periods of low oil prices"*).

Although Sharjah is the third-largest hydrocarbon producer in the UAE, after Abu Dhabi and Dubai, this sector is just one of several contributors to the Emirate's economy. Total hydrocarbon production in Sharjah amounted to 3.9 million barrels of oil equivalent in 2019, 4.2 million barrels of oil equivalent in 2018 and 4.8 million barrels of oil equivalent in 2017. This declining trend with respect to total hydrocarbon production is expected to continue. In 2019, total hydrocarbon production in Sharjah of 3.9 million barrels of oil equivalent, comprised 15.8 billion cubic feet of natural gas, 50.8 kilotonnes of liquefied petroleum gas and 1.3 million barrels of condensates. In 2018, total hydrocarbon production in Sharjah of 4.2 million barrels of oil equivalent comprised 16.8 billion cubic feet of natural gas, 50.9 kilotonnes of liquefied petroleum gas and 1.4 million barrels of condensates. In 2017, total hydrocarbon production in Sharjah of 4.8 million barrels of oil equivalent comprised 24.1 billion cubic feet of natural gas, 65.1 kilotonnes of liquefied petroleum gas and 1.6 million barrels of condensates.

All hydrocarbon production in Sharjah is overseen by the Sharjah Petroleum Council, a centralised department of the Government. The Sharjah National Oil Corporation ("**SNOC**"), which is a separate legal entity wholly owned by the Government, has taken over most operations on active onshore production facilities in Sharjah, with revenues from such facilities flowing directly to the Government. Dana Gas PJSC operates a small concession in the Zora field, with revenue raised indirectly by the Government through royalties, fees and charges.

SNOC has embarked on several projects to expand and diversify its portfolio. SNOC has awarded an engineering, procurement and construction management contract to Petrofac to construct a liquified petroleum gas blending and truck loading facility to divert liquefied petroleum gas production to the local market. Petrofac International Limited employs approximately 3,000 staff based in Sharjah in a range of functions supporting the hydrocarbon and petrochemical industries.

The Crescent Group was established in Sharjah in 1971 and is the MENA region's oldest privately-owned oil and gas company. The Crescent Group currently operates a portfolio of more than 25 diversified companies through its two main subsidiaries, Crescent Petroleum and Crescent Enterprises. Crescent

Petroleum acts as a technical operator in several countries including Egypt, Pakistan, Yemen, Canada, Montenegro, Tunisia and Argentina.

Sharjah based Dana Gas PJSC is the 100 per cent. operator of the Sharjah Western Offshore Concession, the Zora field, approximately 35 kilometres offshore from Sharjah. The production facilities include an offshore platform and onshore gas processing plant, where the gas is processed. The gas is sold to SEWA for power generation, with the associated recovered condensate being sold into the local market. Dana Gas PJSC is the Middle East's largest regional private sector natural gas company established in December 2005 with a public listing on the ADX. It has exploration and production assets in Egypt, the Kurdistan region of Iraq and the UAE, with "2P" reserves exceeding one billion barrels of oil equivalent and average production of 67,050 barrels of oil equivalent in 2016.

On 13 January 2019, the Government awarded Eni Areas A, B & C onshore Exploration Concession Agreements. These agreements are the result of the first International Competitive Exploration Licensing Round launched by SNOC in 2018 to explore and develop new hydrocarbon resources through the establishment of new partnerships. Concession Area A and C cover respectively an area of 437 square kilometres and 1,184 square kilometres. Eni will act as operator with 75 per cent. participating interest with SNOC as partner with a 25 per cent. stake. Concession Area B covers an area of 264 square kilometres. SNOC will act as operator with 50 per cent. participating interest with Eni holding 50 per cent. of stake. In January 2020, SNOC and Eni announced discovery of an inland gas field, "Mahani", with gas flow rates of up to 50 million standard cubic feet per day and associated condensates.

Construction

The construction sector contributed 8.8 per cent. of Sharjah's nominal GDP in 2019, 2018 and 2017.

The construction sector is largely driven by activity in the private real estate market and by public projects to construct infrastructure and government buildings. The construction sector contribution of GDP has increased in order to reflect real estate demand and public sector expansion.

Transportation and storage

The transportation and storage sector contributed 6.0 per cent. of Sharjah's nominal GDP in 2019, 6.1 per cent. in 2018 and 5.9 per cent. in 2017. The sector is primarily driven by the Emirate's geographic location (bordering all six emirates and the UAE's west and east coasts), and by the development of air and sea ports.

Established in 1976, GulfTainer Company Limited is based in Sharjah and describes itself as one of the largest privately-owned port management and third party logistics companies in the world. The UAE operations of GulfTainer Company Limited include the Khorfakkan Container Terminal and Sharjah Container Terminal, as well as port operations and logistics in Ruwais Port in Abu Dhabi (for further details, see "*Infrastructure — Ports*" below.)

Public Administration and Defence

The public administration and defence sector contributed 3.9 per cent. of Sharjah's nominal GDP in 2019 and 3.6 per cent. in 2018 and 3.5 per cent. in 2017. Some government services (including basic healthcare and education for UAE nationals, as well as business licensing and policing) are provided by the Federal Government, with the remainder provided by the Government (see "*Public Finance — Relationship with the Federal Government*").

Social Accommodation and Food Service

The accommodation and food service activities sector, which includes restaurants and hotels, contributed 2.2 per cent. of Sharjah's nominal GDP in 2019 and 2.3 per cent. in the years ended 31 December 2018 and 2017.

Sharjah's restaurants and hotels currently cater to mid-range customers and are priced lower than restaurants and hotels in some nearby geographies. The sector has been identified by the Government as having particular growth potential, with a focus on complementing the existing offering with a larger number of luxury options.

The following table sets out the number of Sharjah hotel rooms and number of guests for each of the years indicated.

	2016	2017	2018	2019
Rooms	9,602	9,256	9,663	9,585
Guests (in thousands)	1,779	1,780	1,470	1,790

Source: Commerce and Tourism Development Authority.

As at 31 December 2019, there were 61 hotels and 40 hotel apartment complexes in the Emirate, and the occupancy rate for hotels was 66 per cent. In 2018 there were eight new hotel openings with 761 rooms and one new hotel apartment developed with approximately 40 rooms. Hotel openings in Sharjah in 2018 included the Chedi Al Bait hotel (52 rooms), Kalba Kingfisher Eco Lodge (20 rooms) and Four Points by Sheraton (225 rooms). In 2019, there were 6 new hotel openings across 4 and 5 star categories and 7 hotels scheduled to open in 2020.

Sharjah's tourism proposition is firmly based on the Emirate's focus on Islamic identity, culture and heritage. With over 600 mosques and over 20 museums in Sharjah City, the Emirate was selected as "Capital of Islamic Culture" for the year 2014 by the Organisation of the Islamic Conference and as the "Capital of Arab Tourism" for 2015 by the Council of Arab Tourism Ministers. These honours were met with a series of high-profile events and the opening of new facilities promoting tourism and the Emirate's identity, such as the Islamic Centre, which incorporates a theatre, library, mosque and Al Qasimia Islamic university, new botanical gardens (focusing on the plants that feature in the Quran and other important religious texts), a new performance amphitheatre and shows and exhibitions.

Other long-standing cultural events include the Sharjah International Biennial, an art exhibition hosted by the Department of Culture and Information since 1993, and the Sharjah International Book Fair, the world's fourth-largest book fair, hosted in the Sharjah Expo Centre since 1982. In recognition of its efforts to promote reading and literature, Sharjah has been chosen by UNESCO as the 2019 World Book Capital.

The Sharjah Investment and Development Authority ("**Shurooq**") undertakes joint venture developments with private sector partners to promote the growth of this sector. Recent projects include a canal-side shopping and leisure district (the Al Qasba), a park, promenade, mosque and leisure and entertainment facility on the Corniche (the Al Majaz Waterfront), a landmark Flag Island, the Al Muntaza Theme Park and the Maraya Art Centre. Amongst other projects, Shurooq is currently working to develop the Emirate's first 5-star hotel resort in Khorfakkan on the east coast, in partnership with the Chedi Group, and a luxury heritage-themed hotel as the centrepiece of its 15 year masterplan (2010-2025) to restore the historic Heart of Sharjah district.

Shurooq is engaged in strategic joint ventures and partnerships in order to improve Sharjah's ability to attract tourists and investors. Examples of such joint ventures include its partnerships with: (i) Eagle Hills to develop three major projects (Maryam Island, Kalba Waterfront and Palace Al Khan) (ii) Nakheel to develop a new community retail centre; and (iii) Diamond Developers to develop a mixed-used project in Sustainable City. Shurooq has also entered into a new strategic partnership with leading Kuwaiti real estate developer Mabanee Company S.A.K. to develop a retail area covering 65,000 square meters area located on Mohamed Bin Zayed road, one of the UAE's major transport arteries connecting Sharjah with other emirates.

Shurooq is also developing environmental tourism in the region with the expansion of safari lodges in natural reserve areas. The Kingfisher Lodge commenced operations in 2018 and is located in the Kalba natural reserve area. Al Badayer Oasis Lodge and Al Faya Retreat in the Mleiha area opened in 2019.

Electricity, Gas and Water

SEWA is 100 per cent. owned by the Government and is responsible for providing power, water and natural gas in the Emirate. The electricity, gas and water supply sector, which focuses on distribution to the public, contributed 2.5 per cent. of Sharjah's nominal GDP in 2019 and 2.4 per cent. of Sharjah's nominal GDP in each of the years ended 31 December 2018 and 31 December 2017. As with the mining and quarrying sector, the primary driver of activity in the electricity, gas and water supply sector is demand for utility services from residential, commercial and industrial areas in Sharjah. For further details, see "*Infrastructure — Utilities*" below.

Agriculture, Forestry and Fishing

The agricultural sector contributed 1.2 per cent. of Sharjah's nominal GDP in 2019, 2018 and 2017 respectively. The sector includes small-scale arable production in areas irrigated from natural oases and aquifers in the north and east of the Emirate, with crops such as vegetables, dates and turf. Dairy and poultry production also form part of the agricultural sector.

Health and Social Work

The health and social work sector contributed 1.1 per cent. of Sharjah's nominal GDP in 2019 and 2018 1.0 per cent of Sharjah's nominal GDP in 2017. The sector is primarily driven by activities of the Government, whether through the direct facilitation of social services or through the enablement of private sector delivery. The Government established the free zone of Sharjah Healthcare City to capitalise on regional demand for high-quality health services. The free zone authority provides basic infrastructure and a light-touch regulatory environment with the intention of attracting a wide range of healthcare providers from the UAE and from overseas. Sharjah Healthcare City is expected to expand the healthcare cluster, which has, in recent years, begun to develop around the adjacent site of University City, with the development of a teaching hospital, nursing college and dental college.

Other sectors

The Other sectors, comprised of the arts, recreation and other services sector, the education sector and the professional, scientific and technical activities sector, contributed 8.0 per cent. of Sharjah's nominal GDP in 2019, 2018 and 2017.

The Emirate is continuing to invest in infrastructure to establish itself as a regional centre for educational excellence. In particular, the Government has established the University City, a 15 million square metre site which is home to a growing number of higher education institutions, including AUS, the University of Sharjah, Men's and Ladies' Colleges, Sharjah Higher Colleges of Technology, Skyline University and the Police Sciences Institute. The Sharjah Research Academy has also been established to serve as an umbrella organisation for 10 research institutes specialising in fields such as renewable energy, medical research, environmental research and engineering research. The Government has implemented a Research Levy of AED 10 on all government service fees of AED 50 or more, which will be used alongside other funding to support a research programme, coordinated by the AUS, aiming to make Sharjah the leading research centre in the region.

Inflation

The table below shows the levels of the General Consumer Price Index ("CPI") (together with its constituent elements) for Sharjah for each of the years indicated.

Major Groups of Expenditure	2017	2018	2019
All items of consumer price index.....	107.09	111.88	108.54
Food and soft drinks.....	106.26	111.47	108.30
Beverages and Tobacco.....	120.64	185.83	186.15
Textiles, clothing and Footwear.....	99.47	100.40	98.27
Housing.....	109.89	107.41	99.30
Furniture and household goods.....	100.95	106.64	105.33
Medical care.....	99.86	100.54	100.91
Transportation.....	103.03	118.35	116.20
Communications.....	98.81	100.99	99.99
Recreation and Culture.....	102.90	106.84	102.31
Education.....	114.09	119.74	122.15
Restaurants and hotels.....	104.72	111.36	112.06
Miscellaneous goods and services.....	114.93	120.80	121.23

Base year 2014=100.

Source: Federal Competitiveness and Statistics Authority

The table below shows the CPI and the percentage change, year-on-year, of the CPI of Sharjah and of the UAE for each of the years indicated.

	2017	2018	2019
Sharjah CPI.....	107.1	111.9	108.54
Sharjah CPI (percentage change, year on year).....	2.7	4.5	(3.0)
UAE CPI.....	107.8	111.1	109.0

	2017	2018	2019
UAE CPI (percentage change, year on year)	1.9	3.1	(1.9)

Base year 2017=100.

Source: Federal Competitiveness and Statistics Authority.

Sharjah and the UAE as a whole experienced negative consumer price inflation in 2019, as the one-off impact of the introduction of a national value added tax at a rate of five per cent. on most consumer goods and services worked through the economy and supply chain.

Employment and Wages

Data from the 2015 Sharjah Census (the "**2015 Census**") showed that 74 per cent. of Sharjah's residents aged 15 or over were employed, with a further 12 per cent. being domestic workers and 3.0 per cent. being business owners, self-employed or students with employment. 5.3 per cent. of Sharjah's residents were full-time students and 1.6 per cent. were retired, self-supporting or working for free. Only 3.7 per cent. of the resident population were unemployed. In general, expatriates are required to be employed or sponsored by an employed family member in order to remain in the UAE. As a result, expatriates are not entitled to unemployment benefits or to social services and the Government's focus is on employment for UAE nationals.

The table below shows employment by category of Sharjah based nationals aged 15 or over, based on the results of the 2015 Census.

	Number	Percentage
Employees and domestic workers	61,367	59%
Business owners, self-employed and students with employment	2,325	2%
Full-time students	19,260	19%
Retired, self-supporting and working for free.....	13,638	13%
Unemployed	7,175	7%
Total	103,765	100%

Source: Sharjah Census 2015.

The 2015 Census indicated that 80 per cent. of respondents aged 15 and over were working or studying, whereas 13 per cent. were outside the workforce for various reasons (e.g. retirement, doing voluntary work), and 7 per cent. were unemployed.

In September 1999, UAE nationals working for private companies became entitled to the same social security and pension benefits as those working for the Federal Government. Under the Federal Government's national pension and social security scheme, nationals who have contributed to the scheme will be eligible for retirement benefits, disability benefits and compensation on death. The General Authority for Pensions and Social Security, an independent entity of the Federal Government, which invests employer and employee contributions to fund the social security programme, was established to operate the scheme. Separate social security provision is made for all members of the military and the police force.

On 2 November 2017, H.H. The Ruler issued Emiri Decree No. 70 of 2017 to establish the SSSF. The decree stipulates that Emirati employees working in Sharjah's government and semi-government entities, including companies and private sector enterprises wholly owned by the Government, will benefit from the pensions and retirement benefits framework established by the SSSF.

Infrastructure

Infrastructure development is considered to be a key component for Sharjah's future expansion, economic growth and social connectivity. Sharjah is well-connected to the other emirates, has good telecommunication facilities, and a well-established road network with large highways linking it to Abu Dhabi, Dubai and the northern emirates and a number of ports. Sharjah is also the location of the UAE's third-largest airport, SIA, and is adjacent to Dubai International Airport, the world's busiest airport.

Roads and Railways

An extensive network of roads has been developed in Sharjah over recent decades. In 2014, the Sharjah Roads and Transport Authority (the "**SRTA**") was established to combine public transport provision and

transport infrastructure planning within the Emirate. The SRTA is developing a strategic transport plan for the Emirate. The SRTA regulates a fleet of 4,893 taxis operating in Sharjah (as of 2020) and increased the number of intercity buses from 69 to 200 between 2016 and 2019.

The Federal Government is responsible for building and maintaining inter-emirate highways, notably the Sheikh Mohammed Bin Zayed Road and the Emirates Highway on which major upgrade programmes have recently been completed, including widening of busy portions of the route and junction enhancements to create freer traffic flow.

In 2019, the Government completed a major new highway to link Khorfakkan Port on the east coast with Sharjah City which includes the UAE's longest rock tunnel through the Hajar mountains. The total cost of the multi-year project, which was funded by the Government, was approximately AED 5 billion.

Other projects underway for relieving traffic congestion in Sharjah City include multiple surface improvement, road widening and junction amendment projects.

H.H. The Ruler of Sharjah recently hosted a delegation including the Chairman of the Board of Directors of Etihad Rail Company to discuss the latest developments in the UAE railway project, which is expected to link the Emirates with a modern and sophisticated network, and the timetable for completion of the project, the main sectors of the railway project, as well as the anticipated and desired benefits of the project and its economic, social, commercial and environmental implications. In December 2019, Etihad Rail awarded an AED 4.6 billion civil works and construction contract to a joint venture company formed by China Railway Construction Corporation and National Projects and Construction to link Fujairah and Khorfakkan ports to the network at the Sharjah-Dubai border. In 2015, stage one of the project, which extends 264 kilometres, was delivered, linking the Shah and Habshan gas fields in the Al Dhafra region of Abu Dhabi to the port of Ruwais on the Arabian Gulf, with a capacity of transferring 22,000 tons of sulphur granules daily. The second stage of the project is expected to extend 605 kilometres from Ghuweifat on the border with Saudi Arabia to Fujairah on the east coast. Stage A will extend 139 kilometres, linking Ruwais with Ghuweifat, stage B, will extend 216 kilometres from Tarif to Seeh Shuaib, stage C, extending 94 kilometres from Jebel Ali to Sharjah and stage D, being 145 kilometres from Sharjah to the ports of Fujairah and Khorfakkan. Construction of the second stage of the project began in January 2020 and it is expected that the project will be followed by future route additions to complete the network.

Ports

Sharjah has three deep water ports, which provide access to the Indian Ocean and the Arabian Gulf and have a combined capacity of 4 million containers: (i) Khorfakkan Port; (ii) Hamriyah Port; and (iii) Port Khalid.

Khorfakkan Port was established in 1977 and underwent a major expansion in 2010 to handle the growing demand for container vessels. The port has six berths with a total aggregate length of 2.0 kilometres and is dredged to 16.0 metres at mean low water. Khorfakkan Port is the only container port on the UAE's east coast, providing direct access to the Indian Ocean without passing through the Strait of Hormuz. Khorfakkan Port has an open yard storage facility capacity of 600,000 square metres out of a total area of 850,000 square metres.

Hamriyah Port, established in 1986, is located adjacent to HFZ, providing marine access for the free zone's industrial operators. The port, which specialises in the provision of bulk, general and project cargo services, is close to major international shipping lanes. It has six deep water berths, is dredged to 14 metres and has three specialised berths for handling petrochemical shipments. Other services include open yard and warehouse storage facilities. In addition, Hamriyah Port has an inner harbour with a 3.2 kilometre quay wall. Hamriyah Port is currently being upgraded to accommodate a new LNG receiving facility to serve Sharjah and the northern Emirates.

Port Khalid in Sharjah City was established in 1976 and has three deep water berths ranging from 220 metres to 1,000 metres in length and is dredged to 12.5 metres. Port Khalid also has 16 normal berths of nine metre draft. Port Khalid specialises in the provision of bulk, general and project services and provides open yard and warehouse storage facilities.

Sharjah International Airport and Aviation

SIA is the third-largest airport in the UAE and is differentiated from other airports in the region by its high level of freight services and its close partnership with Air Arabia, which uses SIA as its primary hub. SIA occupies an area of approximately 5,000 acres located to the east of Sharjah City, connected to the city and to other emirates by major highways. In 2014, a new 4,060 metre runway was built, at a cost of around AED 500 million. The table below gives the key figures for Sharjah International Airport for the years indicated.

	2017	2018	2019
Passengers (millions).....	11.4	12.0	13.6
Aircraft movements.....	77,627	81,30	86,50
Cargo (tonnes).....	148,312	132,666	148,751

SIA hosted flights from 32 airlines in the year ended 31 December 2019 (including passenger and cargo airlines), serving over 100 destinations in both years (*source*: Sharjah Airport Authority).

Sharjah has developed a niche in the sea-to-air traffic sector through the SAIF Zone where sea-to-air transfers can be made within six to eight hours.

As part of the first phase of the expansion of SIA, a second runway was constructed, which became operational in October 2014. The second runway accommodates large new generation ICAO (International Civil Aviation Organization) Code F aircraft such as the Airbus A380.

A second phase of the expansion of SIA is being planned by Sharjah Airport Authority, with the objective of increasing capacity through the construction of a second terminal in addition to the second runway. In 2019, passenger movements were 13.6 million, compared to 12.0 million passenger movements in 2018. The planned expansion, which is now in the procurement phase, is expected to increase the airport's capacity to 20 million passengers per annum following completion, which is expected by 2023. Financing for the expansion will come from a combination of Sharjah Airport Authority's existing revenues and debt financing, potentially including export finance where applicable.

Air Arabia was incorporated in 2003 as the first low-cost airline in the Middle East. Its primary hub is SIA and it serves over 90 destinations in the MENA region, Asia and Europe. Air Arabia has contributed to an increase in tourism numbers in Sharjah and the wider UAE and carried 8.7 million passengers in 2018, compared to 8.5 million passengers in 2017. Air Arabia is listed on the Dubai Financial Market (the "DFM"). Following the filing for voluntary liquidation by two entities in the Abraaj Group in June 2018, Air Arabia recognised in its financial statements for 2018 an impairment loss against investments measured at amortised cost of AED 1,102 million and interest accruing thereon amounting to AED 32.5 million, and reduced the value of its investment measured at fair value through other comprehensive income by AED 226 million. Notwithstanding this accounting treatment, Air Arabia is actively seeking to maximise the recovery and realisation of its investments with the Abraaj Group. Additionally, the aviation industry has been impacted by the COVID-19 pandemic leading to a general decreased demand for air travel. As a result, Air Arabia has operated few limited services since grounding passenger flights in March and it is unclear when normal operations will resume.

Telecommunications

The UAE has well-developed, technologically-advanced telecommunications infrastructure and has high mobile telephone penetration. Since 1976, the majority Federal Government-owned telecommunications corporation, Emirates Telecommunications Corporation ("**Etisalat**"), has operated, maintained and developed the national and international fixed-line network, mobile telephony, internet access and cable TV services.

In mid-2004, the Federal Government announced plans to end the monopoly of Etisalat. A regulator, the Telecommunications Regulatory Authority was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company, a new telecom provider (known in the market as "**du**") owned 39.50 per cent. by the Federal Government (through the Emirates Investment Authority), 20.08 per cent. by Mamoura Diversified Global Holding PJSC, 20 per cent. by Emirates Telecommunications and Technology Ltd. and 20.92 per cent. by the public.

The UAE's well-developed, technologically-advanced telecommunications infrastructure and high mobile telephone penetration contribute to the growth of Sharjah's economy.

Utilities

SEWA is 100 per cent. owned by the Government and is responsible for providing power, water and natural gas in the Emirate.

In 1995, H.H. The Ruler issued Emiri Decree No. 1 of 1995 establishing SEWA. SEWA regulates the ownership, management, operation and maintenance of electricity generation and water desalination plants, water rights, distribution and transport network, electricity transmission and dispatch network and other assets and facilities of the electricity and water sector in the Emirate. The authority also monitors the price of water and power services sold to consumers, in order to ensure fairness and transparency at all times, and that present and future consumer demand, in water and power services is properly met through sustainable planning and development, and that local water and electricity projects are managed and run consistently with international best practices and existing environmental laws. SEWA is also empowered to set up central cooling stations, to establish clean energy companies and to enter into joint ventures with companies in the field of renewable and alternative energy.

Electricity is generated by gas and diesel fired power stations located within the Emirate. In 2019 electricity consumption in Sharjah was 10.9 billion KWh, down from 11.2 billion KWh in 2018 and up from 10.9 billion KWh the previous year according to data from SEWA.

SEWA supplements locally-produced electricity through electricity purchase agreements with the Emirates Water and Electricity Company ("EWEC"), the water and power procuring authority falling under Abu Dhabi Power C through the Emirates National Grid. The total demand for electricity in Sharjah is expected to increase from 2,000 MW in 2013 to 4,066 MW in 2023. SEWA is planning to meet this need by increasing generating capacity, increasing the use of natural gas from Sharjah's own gas fields and by entering into additional electricity purchase agreements with the ADWEC and fuel supply arrangements, subject to commercial negotiations with third parties. A long-term plan has been devised to address the need for new capacity and to diversify fuel mix and the supplier base. SEWA's planned investment programme includes a 1,800 MW combined cycle gas turbine plant in Al Hamriyah, to be procured under the Independent Power Producer structure, with SEWA as the sole off-taker and Sharjah Asset Management LLC as a minority shareholder in the project consortium; and a 1,026 MW combined cycle gas turbine plant in Al Layyeh being procured under a conventional Engineering, Procurement and Construction contract model, primarily using export finance with SEWA as the obligor (with no Government guarantee). SEWA is also considering expansion of its water desalination capacity and electricity transmission and distribution network.

In 2019 SEWA provided 121.0 million cubic metres of natural gas to properties, extracted 2,550 million gallons of water from underground sources and produced 34,101 million gallons of water through desalination.

Education

The development of Sharjah's education system has been a key priority for the Emirate due to H.H. The Ruler's personal leadership, which has led to significant investments in human capital, founded on the understanding that an educated population is vital to the long-term growth of Sharjah's economy.

The Emirate is aiming to establish itself as a regional centre for educational excellence and, in order to achieve this, has invested significantly in this area in recent years. In particular, the Government has established the University City, a 15 million square metre site which is home to a growing number of higher education institutions, including AUS, the University of Sharjah, Men's and Ladies' Colleges, Sharjah Higher Colleges of Technology, Skyline University and the Police Sciences Institute. The Sharjah Research Academy has also been established to serve as an umbrella organisation for 10 research institutes specialising in fields such as renewable energy, medical research, environmental research and engineering research.

AUS is one of the few universities in the MENA region to be featured in the top 500 of the Quacquarelli Symonds world university rankings that evaluate the top 800 universities out of approximately 3,000 universities that operate in the world. The AUS campus was established in 1997 and, at present, has a total enrolment of over 5,000 students. As at September 2016 AUS had awarded 10,732 bachelor degrees and 1,317 master's degrees through the College of Architecture, Art and Design, the College of Arts and Sciences, the College of Engineering and the School of Business Administration.

In April 1997, the Government established the University of Sharjah through Emiri Decree. Since its establishment, the Government has opened other campuses of the University of Sharjah on the east coast of Sharjah to widen educational access. The university has in excess of 15,000 students and currently offers the largest number of accredited programmes in the UAE, with 101 academic degree programmes including 52 bachelor's degrees, 23 master's degrees, 11 PhD degrees, one graduate degree and 14 associate diploma degrees.

A cluster of health-related education institutes has developed in University City, including a teaching hospital, nursing college and dental college. These will complement Sharjah Healthcare City as an engine for the future sectoral growth.

In April 2015, a new Islamic university, Al Qasimia University, was officially opened in Sharjah, as part of the Islamic Centre being developed to mark Sharjah's status as Capital of Islamic Culture in 2014.

The Government has also developed a new research centre, Sharjah Research Centre, to document detailed information regarding the publishing world in the Middle East. Sharjah Research Centre was opened in 2015. In January 2017, the Government implemented a Research Levy of AED 10 on all government service fees of AED 50 or more, which will be used alongside other funding to support a research programme, coordinated by the AUS, aiming to make Sharjah the leading research centre in the region.

The AUS Research, Technology and Innovation (RTI) Park is currently being developed, adjacent to American University of Sharjah campus, by the university's commercial and investment arm AUS Enterprises. The park will encourage research, development and knowledge-intensive businesses to establish themselves in the free zone.

While the Federal Government provides basic education for UAE nationals, the Government opts to supplement this with its own initiatives and funding in order to enhance provision. This activity is overseen by the Education Council, a centralised department of the Government. The Government has implemented a "model school" programme, providing equipment, facilities and pedagogic support according to international best practice, initially for a number of pilot schools, but now being rolled out more widely.

Schooling for expatriate children is provided in the private sector, with some Sharjah schools, such as Victoria International School, Choueifat School and Sharjah English School, considered among the top education establishments in the UAE.

Foreign Direct Investment and Free Zones

Foreign Direct Investment

In 2019 and 2018, the Sharjah Foreign Direct Investment Office recorded foreign direct investment into Sharjah from outside the United Arab Emirates of AED 5,123 million and AED 3,691 million, respectively, using the methodology of the World Bank and the United Nations Conference on Trade and Development. The Sharjah Foreign Direct Investment Office is also active in promoting Sharjah across the globe, including the major markets in India, Russia, China, United States of America, Kingdom of Saudi Arabia, France, Italy, and Germany.

Shurooq

Shurooq, the Sharjah Investment and Development Authority, was established by Emiri Decree in 2009 as a public authority to support the economic development of Sharjah. Its objective is to attract foreign direct investment opportunities into the Emirate and to reshape the perception of the Emirate amongst international and regional communities.

Shurooq's main areas of activity are: (i) increasing investment into Sharjah; (ii) creating new employment opportunities; (iii) targeting priority sectors, markets and investors; (iv) improving the business environment of Sharjah; and (v) creating awareness of Sharjah as a business destination.

Shurooq has a general mandate to attract foreign direct investment across the economy. Shurooq undertook a major study in 2012 to identify sectors that had high potential to attract increased levels of investment and to lead future economic growth in Sharjah. This study identified travel and leisure, healthcare, transportation and logistics, and environmental industries as key areas of focus. Shurooq has since been focusing investment promotion activities in these sectors, supported by Government initiatives, such as development of new tourist facilities (travel and leisure); the establishment of a new healthcare free zone

(healthcare); the expansion of seaport and airport activities (transportation and logistics); and the elimination of landfilling of municipal waste (environmental industries).

Shurooq also acts directly in the travel and leisure sector through developments and joint ventures (see "*Principal Sectors of the Economy — Social Accommodation and Food Service*"). These projects are intended as breakthrough initiatives to encourage and enable the private sector to bring forward its own future high-quality developments.

Sharjah Asset Management

Initially set up in 2008 as a division of Sharjah Finance Department, in 2012, Sharjah Asset Management LLC ("**SAM**") was established as an independent entity solely dedicated to the expansion of Sharjah's wealth. Its objectives are to create a competitive economy for the emirate through best-in-class investments and deployment of dedicated professionals to maximise returns from investments and enhance the economic development of Sharjah. SAM's operations cover investment, real estate development, asset management and new business ventures. In addition to its shareholdings in various private sector companies (see "*Public Finance—Government Assets and Investments—Government Investments*"), SAM manages publicly owned assets such as Souq Al Jubail fresh food market, Al Sajaa Industrial Oasis and Souq Al Haraj Auto Mall. It has entered into joint ventures in the real estate sector, such as Tilal Properties and Sharjah Holding, and the service delivery sector, including Rafid Automotive Solutions and Tasjeel vehicle registration service.

Free Zones

Free zones have been established in each of the emirates of the UAE. There are many incentives for foreign corporate entities to set up in one of the free zones in the UAE. Foreign corporate entities can operate in the free zones, and free zone incorporated entities can be 100 per cent. foreign owned unlike corporate entities registered in the UAE. Foreign corporate entities are not permitted to operate in the Emirate outside a free zone unless they operate in conjunction with a local partner. The ability to import into the free zones and to export without any import duties, taxes or currency restrictions being levied on the free zone entity has been a key driver for foreign corporate entities that are registered in the free zones.

Free Zones in Sharjah

The free zones in Sharjah offer 100 per cent. foreign ownership, a tax-free environment, free transfer of funds, competitive pricing, a one stop shop for business services and long-lease periods. The following free zones located in Sharjah are operational: (i) HFZ (supervised by the Hamriyah Free Zone Authority); and (ii) SAIF Zone (supervised by the Sharjah Airport International Free Zone Authority). Sharjah Healthcare City is a new free zone dedicated to Healthcare. It was established by Emiri Decree in 2012 but is not yet fully operational (see "*Principal Sectors of the Economy — Health and Social Work*"). A new media free zone, Shams (as defined herein), was established by Emiri Decree in 2016 to play a lead role in growing the Emirate's media and creative sectors, attracting entrepreneurs and startups and developing local talent. As part of the research programme being undertaken by the Government, the Sharjah Research, Technology and Innovation Park Free Zone has been established adjacent to University City, with construction on the basic infrastructure currently underway. This free zone is being created to develop and manage an ecosystem that promotes research and development, supports enterprise activities and the triple helix collaboration of industry, government and academia.

Despite strong competition from other free zones, HFZ and SAIF Zone have contributed substantially to economic activity in Sharjah in recent years. The number of companies operating in each of HFZ and SAIF Zone are set out in the following table:

	2017	2018	2019
HFZ.....	5,545	5,361	5,180
Saif Zone.....	6,956	6,559	6,273

- *Hamriyah Free Zone ("HFZ")*

- HFZ is located 20 kilometres north east of the centre of Sharjah City and is the second-largest industrial free zone in the UAE. As at 31 December 2019, there were over 5,000 companies incorporated/licensed in HFZ from over 150 countries. HFZ is currently being expanded to provide increased space in the free zone in the maritime sector as well as the petrochemical and timber sectors.

- Although a significant proportion of tenants in HFZ are involved in heavier and basic industries, due to HFZ's large land area and proximity to the ports, in practice a wide range of activities are conducted by companies operating in the free zone. As at 31 December 2019, the top five tenants in HFZ are: (i) Lamprell Energy Ltd; (ii) Quality International Co. LTD. FZC; (iii) Damen Shipyard Sharjah FZE; (iv) Eversendai Engineering FZE; and (v) Gulf Petrochem FZC. As at 31 December 2019, the key sectors of HFZ, in terms of the number of companies operating in the free zone, are oil & gas (19.0 per cent), machinery and equipment (20.0 per cent.), and professional services (13.0 per cent.).
- To support the SME sector, HFZ provides the Hamriyah SME Zone, a large area, established in 2008, supported by inner harbour facilities, which provides preferential economic treatment for SMEs in terms of discounted lease rents and rent holidays in applicable cases. The Hamriyah Free Zone Logistic Village was established to provide an all in one logistics and distribution centre for companies operating in HFZ, and comprises over 400 warehouse units, ranging from 275 to 600 square metres in size. Hamriyah MB Zone was established to cater for the requirements of micro business owners and offers convenient and practical business solutions for such business owners.
- In addition to the 22 million square metres of land currently endowed to the HFZ in respect of the first and second phases of HFZ's development, another 4 million square metres has been allocated for the third phase of the HFZ's development, which is nearing completion and is set up for sectors such as steel, heavy engineering and allied industries.
- *Sharjah Airport International Free Zone ("SAIF Zone")*
 - SAIF Zone is located adjacent to SIA, making it easily accessible by road to Sharjah's east and west coast sea ports as well as providing connectivity by air. Established in 1995 with 35 companies, as at 31 December 2019, SAIF Zone provided services to almost 7,000 companies employing over 38,000 people.
 - Given its location and the predominance of warehouse and office space, as compared to retail or industrial units, SAIF Zone has a particular focus on light to medium manufacturing, trading and professional services. There are also a number of business service companies operating from SAIF Zone who support other operators in the zone and the SIA area. For further details, see "*Sharjah International Airport and Aviation*" above.
- *Sharjah Media City*
 - Sharjah Media City ("**Shams**") was established in January 2017, with a vision to be a world-class hub for media and creativity in the region. Shams comprises a tax-free city with modern infrastructure and services. Shams' mission is to make creative entrepreneurship accessible to all aspiring startups, SMEs and established companies striving to grow their business both locally and globally. Shams offers smart innovative services, coupled with a holistic community-centred approach.
 - By 31 December 2019, 4,282 companies had registered.

BALANCE OF PAYMENTS AND FOREIGN TRADE

As Sharjah does not prepare separate balance of payment statistics, this section describes the UAE's balance of payments generally.

The UAE has traditionally pursued a free-trade policy for deeper integration into the global trading system. The UAE pursues a free-trade policy by liberalising its trade regime through free-trade agreements ("FTAs") with other countries and organisations (including FTAs with Singapore, the European Free-trade Area and New Zealand in 2009). Being a member of the GCC, the UAE's trade policy is closely linked to the trade policy of the other GCC member countries on account of, amongst other things, the GCC Economic Agreement of 2002, which calls for a "collective negotiation strategy" in the conduct of FTAs with major trading partners, and the establishment of the GCC Customs Union in 2003, which was aimed at enhancing economic unity amongst the member states and allowing the member states to engage in FTA negotiations as a unified trading bloc.

Balance of Payments

Current Account

Since there are no separate figures on the current and capital account for Sharjah, the table below gives the balance of payments for the UAE for each of the years indicated.

	2017	2018	2019
Current account balance	101.0	148.7	108.9
Trade balance (FOB).....	246.9	314.6	274.6
Total exports of hydrocarbon	213.5	247.2	211.0
Total of non-hydrocarbon exports	391.5	410.6	415.1
Re-exports ⁽¹⁾	546.5	521.2	534.1
Total exports and re-exports (FOB).....	1,151.5	1,179.0	1,160.2
Total imports (FOB).....	(904.7)	(864.4)	(885.6)
Services (net).....	(4.8)	(1.8)	(2.2)
Investment income (net).....	10.2	5.2	7.6
Transfers (net).....	(151.3)	(169.3)	(171.1)
Financial account	(62.6)	(126.9)	(73.5)
Errors and omissions.....	(2.0)	(8.9)	0.0
Overall balance	36.4	13.0	35.4

⁽¹⁾ Includes re-exports of non-monetary gold.

Source: UAE Central Bank Annual Reports 2018 and 2019.

The UAE has a long history of positive trade balances reflecting the importance of its hydrocarbon exports, its more recent successful diversification into other export industries and its significant volumes of re-exports. From total exports and re-exports, the UAE's hydrocarbon exports accounted for 18.5 per cent. in 2017, 21.0 per cent. in 2018 and 18.2 per cent. in 2019. The UAE's re-exports accounted for 47.5 per cent. of the total exports and re-exports in 2017, 44.2 per cent. in 2018 and 46.0 per cent. in 2019.

The value of the UAE's hydrocarbon exports, the vast majority of which are made by Abu Dhabi, can be volatile as they depend on prevailing oil prices and the prevailing OPEC production quotas policy. Crude oil makes up the largest part of the UAE's hydrocarbon exports, accounting for 46.7 per cent. in 2019.

Data on non-trade flows into and out of the UAE is not complete and is routinely subject to revision, reflecting, in part, weaknesses of the central statistical bodies and, in part, the operations of the large free zones. In general, however, the UAE tends to have a non-trade balance deficit reflecting services outflows underlining the UAE's dependence on foreign services for the development of its industrial and services sectors. In addition, there are significant levels of current transfers principally reflecting expatriate workers' remittances.

The UAE had a positive current account balance in each of 2017, 2018 and 2019 (based on preliminary estimates subject to revision) equal to 7.3 per cent., 9.8 per cent. and 7.4 per cent. respectively, of the UAE's nominal GDP in each of these years.

In 2014, the IMF issued the UAE 2014 Article IV Consultation. The UAE 2014 Article IV Consultation stated that the UAE had continued to benefit from its perceived safe-haven status amid regional instability and that its economic recovery had been solid, supported by the tourism and hospitality sectors, and a

rebounding real estate sector. Despite moderated oil production, public projects in Abu Dhabi and buoyant growth in Dubai's service sectors continued to underpin growth. The UAE 2015 Article IV Consultation stated that lower oil prices were eroding long-standing fiscal and external surpluses, but the impact on economic activity in the UAE had been limited owing to large buffers. In July 2016, the IMF issued its UAE 2016 Article IV Consultation, which highlighted that persistently lower oil prices continued to weigh on economic sentiment and fiscal and external positions. However, large buffers built over time have provided ample policy space, limited negative inward spillovers and contained the weakening of investor appetite in the UAE generally. The consultation paper welcomed the UAE's resilience to the oil price shock. In addition, the IMF's directors commended the UAE authorities for their prudent policies, which helped build large fiscal and external buffers and strengthened the economy. Nevertheless, persistent lower oil prices continued to pose challenges. The IMF's directors underscored the need for sustained sound macroeconomic policies to reduce fiscal vulnerabilities, safeguard financial stability and promote long-term growth. In July 2017, the IMF issued its UAE 2017 Article IV Consultation, which highlighted that the UAE was weathering the post-2014 oil shock well, with growth expected to recover in the coming years. However, policy reforms such as more credible medium-term fiscal policy, revenue diversification, sector development, and improved financial sector regulation and supervision would be required for the economy to adapt to the new oil market realities. The IMF also highlighted the need to continue improvements in gathering statistics to aid policy analysis and decision making. In November 2018, the IMF issued its UAE 2018 Article IV Consultation. The consultation highlighted that the UAE economy was starting to recover from the 2015–16 slowdown caused by a decline in oil prices with growth momentum expected to strengthen in the next few years with increased investment and private sector credit, improved prospects in trading partners, and a boost to tourism from Expo 2020. In November 2019, the IMF issued the UAE 2019 Article IV Consultation, which highlighted that activity is recovering and likely to pick up more momentum next year, helped by Expo 2020 and existing fiscal stimulus. It was noted in the consultation that sustaining growth momentum over the medium term and further diversifying the economy should remain key priorities by fostering growth of the non-oil private sector, including SMEs, and developing transparent, rules-based fiscal frameworks.

The 2018 and 2019 IMF Article IV Consultations each note the positive impact expected from Expo 2020 Dubai. However, as a result of the COVID-19 outbreak and the corresponding restrictions imposed on travel, on 30 March 2020, Expo 2020 Dubai's steering committee entered discussions with the Bureau International des Expositions ("**BIE**") to potentially delay Expo 2020 Dubai by one year (see "*Risk Factors - Risks relating to the emergence of the 2019 novel coronavirus COVID-19*"). Following a vote of the BIE's member states, on 29 May 2020, the BIE General Assembly approved the postponement of Expo 2020 Dubai and as a result the dates of Expo 2020 Dubai have officially been changed to 1 October 2021 – 31 March 2022, although the event will keep the name Expo 2020 Dubai.

On 1 June 2014, the UAE was included in MSCI Inc.'s ("**MSCI**") Emerging Markets Index which captures large and mid-cap representation across 26 emerging market countries. The MSCI Emerging Markets Index is based on the MSCI Global Investable Indexed Methodology – a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations. With 21 constituents, the index covers approximately 85 per cent. of the UAE equity universe.

Capital Account

No data has been released on the UAE's external debt position. See "*Indebtedness*" for a description of direct indebtedness incurred by the Government. In general, the size of the UAE's trade and current account surpluses, coupled with the limited capacity of the local economy to absorb capital, ensures that net foreign capital flows have almost always been outward, entrenching the UAE's position as a net international creditor and foreign investor.

Most capital outflows have been directed towards the U.S. and European capital markets although more recently there has also been an increase in direct investment in Europe, Asia, Africa and the wider Middle East. This has included entities wholly or partially owned by the governments of certain emirates purchasing significant stakes in foreign companies as well as major corporations, such as Emirates Telecommunications Corporation (Etisalat), making significant acquisitions in order to boost their regional and international presence.

In 2017, 2018 and 2019, the net deficit in the financial account was AED 62.6 billion, AED 126.9 billion and AED 73.5 billion, respectively. Capital transfers by the private sector increased from an outflow of AED 129.3 billion in 2017, to an outflow of AED 140.7 billion in 2018 and AED 139.6 billion in 2019

while public sector net transfers abroad increased from AED 22.0 billion in 2017 to AED 28.6 billion in 2018 to AED 31.5 billion in 2019. (source: UAE Central Bank).

In 2019, the overall balance of payments registered a surplus of AED 35.4 billion, equal to 2.4 per cent. of the UAE's nominal GDP in that year.

According to data from the UAE Central Bank, as at 31 December 2017, 31 December 2018 and 31 December 2019, the UAE's foreign asset holdings (including the IMF) amounted to AED 350.3 billion, AED 365.4 billion and AED 397.9 billion, respectively (see "*Monetary and Financial System — Foreign Reserves*").

The surplus in the trade balance (FOB) increased from AED 246.9 billion in 2017 to AED 314.6 billion in 2018 and subsequently decreased to AED 274.6 billion in 2019, whilst total exports and re-exports (FOB) increased from AED 1,151.5 billion in 2017 to AED 1,179.0 billion in 2018 and decreased to AED 1,160.2 billion in 2019. The reduction in the surplus in the trade balance (FOB) in 2019 related to the lower value of exported hydrocarbons of all categories, compared with 2018.

Composition of UAE Foreign Trade

The Government has not published data for the imports and exports of Sharjah since 2014, owing to methodological challenges. The section below summarises the UAE's foreign trade, using information compiled by the FCSA. Differences in reporting objectives and methodology mean that the aggregated trade data from the FCSA may not match with the trade totals published by the UAE Central Bank.

Top UAE export destinations, percentage of total non-oil exports based on value	2018	2019
Saudi Arabia.....	15.3%	13.4%
India	8.7%	10.4%
Switzerland	3.9%	9.0%
Oman.....	8.4%	7.0%
Kuwait.....	5.1%	4.3%
Iraq.....	4.4%	4.0%
Turkey.....	5.2%	3.8%
China.....	2.5%	3.6%
United States of America	3.9%	3.2%
Singapore	1.8%	2.3%

Top sources of UAE imports, percentage of total imports based on value	2018	2019
China.....	15.5%	16.4%
India	9.4%	10.7%
United States Of America.....	8.5%	8.0%
Japan	5.6%	5.1%
Germany.....	4.5%	4.0%
United Kingdom.....	3.1%	2.9%
Vietnam.....	3.1%	2.9%
Saudi Arabia.....	3.1%	2.7%
France.....	2.7%	2.7%
Italy	2.7%	2.6%

Top categories of UAE non-oil exports, percentage of total exports based on value	2018	2019
Pearls, Stones, Precious Metals and Its Articles	31.0%	32.9%
Base Metals and Articles of Base Metal.....	24.0%	21.0%
Foodstuffs, Beverages, Spirits and Tobacco.....	9.6%	9.4%
Mineral Products.....	5.2%	9.3%
Plastics, Rubber and Articles Thereof	7.7%	7.5%
Machinery, Sound Recorders, Reproducurs and Parts	5.4%	5.3%
Products of The Chemical or Allied Industries.....	4.8%	4.8%
Pulp of Wood, Waste, Scrap and Articles of Paper	2.3%	1.9%
Articles of Stone, Mica; Ceramic Products and Glass	1.8%	1.5%
Live Animals and Their Products.....	1.6%	1.3%

Top categories of UAE non-oil re-exports, percentage of total re-exports based on value	2018	2019
Machinery, Sound Recorders, Reproducurs and Parts	35.7%	36.8%
Pearls, Stones, Precious Metals and Its Articles	24.2%	21.8%
Vehicles of Transport	14.1%	12.0%
Mineral Products.....	2.4%	5.5%
Products of The Chemical or Allied Industries.....	4.6%	4.5%

Top categories of UAE non-oil re-exports, percentage of total re-exports based on value	2018	2019
Textiles and Textile Articles	3.3%	3.2%
Base Metals and Articles of Base Metal.....	2.6%	2.8%
Photographic, Medical, Musical Instruments & Parts.....	2.6%	2.6%
Plastics, Rubber and Articles Thereof	2.2%	2.4%
Foodstuffs, Beverages, Spirits and Tobacco.....	2.2%	1.9%

Top categories of UAE imports, percentage of total exports based on value	2018	2019
Machinery, Sound Recorders, Reproducers and Parts	25.7%	26.0%
Pearls, Stones, Precious Metals and Its Articles	22.1%	23.5%
Vehicles of Transport	11.5%	9.9%
Mineral Products	6.9%	7.2%
Products of The Chemical or Allied Industries.....	6.0%	6.3%
Base Metals and Articles of Base Metal.....	7.0%	6.0%
Textiles and Textile Articles	2.9%	2.8%
Plastics, Rubber and Articles Thereof	2.7%	2.6%
Foodstuffs, Beverages, Spirits and Tobacco.....	2.8%	2.6%
Vegetable Products.....	2.5%	2.5%

Source: FCSA

Sharjah Foreign Trade

External trade continues to be a significant contributor to the Sharjah economy. As at the date of this Base Prospectus, efforts are underway to boost the export of Sharjah's manufactured products by implementing investor-friendly policies including zero corporate taxation, zero export taxation, low import duties and free currency transfers. In general terms, Sharjah is a large producer of goods and materials used in manufacturing, construction and industrial activity across the UAE, the Gulf region and its wider trading zone, extending to the Indian subcontinent, the Levant region, north Africa and east Africa. Major private-sector exporters operate in economic sub-sectors such as oil platform construction, downstream hydrocarbons and petrochemicals, steel manufacture and shipbuilding. Sharjah also hosts a large amount of re-export trade, centred on its free zones, which builds on its ready access to important shipping lanes and Sharjah International Airport. As in the rest of the UAE, many consumer goods are imported into Sharjah, either directly through Sharjah ports or by road transit after arriving at other locations. As at the date of this Base Prospectus, detailed foreign trade statistical data for Sharjah is not available from 2015 onwards.

MONETARY AND FINANCIAL SYSTEM

As Sharjah does not have a separate monetary or financial system, this section describes the UAE's monetary and financial system generally, although certain sections focus specifically on Sharjah where information is available.

Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The predecessor of the Central Bank was the Currency Board which was established as per Union Law No. (2) of 1973. The Currency Board issued the UAE Dirham which replaced the Bahraini Dinar and the Qatari and Dubai Riyal currencies which were in use at the time. The Union Law No (10) of 1980 saw the establishment of the UAE Central Bank as a public institution and also augmented its functions. The UAE Central Bank promotes financial and monetary stability, efficiency and resilience in the financial system and the protection of consumers through effective supervision intended to support economic growth for the benefit of the UAE and its people. It has powers to issue and manage the currency, manage the UAE's credit policy, develop and manage the banking system in the UAE and is the UAE's representative to international institutions such as the International Monetary Fund, the World Bank and the Arab Monetary Fund.

The objective of the UAE's monetary policy is to facilitate the fixed exchange rate regime and maintaining a stable and convertible currency is a key policy objective. In common with many other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. Dollars, the UAE Dirham is pegged to the U.S. Dollar. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.\$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE Dirham is freely convertible.

The UAE's monetary policy has been focused on protecting its banking sector and a number of measures have been announced by the UAE Central Bank and Federal authorities in this regard.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years indicated and for the first quarter of 2020.

	2017	2018	2019 ⁽⁴⁾	Q1 2020
		(AED billions)		
Currency Issued.....	85.4	85.8	93.7	105.1
Cash at Banks.....	17.7	15.3	15.5	18.9
Currency in Circulation Outside Banks	67.7	70.5	78.2	86.2
Monetary Deposits	424.7	415.1	436.5	456.5
Money Supply M1⁽¹⁾	492.4	485.6	514.7	542.7
Quasi - Monetary Deposits.....	783.8	822.8	896.6	912.2
Money Supply M2⁽²⁾	1,276.2	1,308.4	1,411.4	1,454.9
Government Deposits.....	210.9	293.9	305.9	259.2
Money Supply M3⁽³⁾	1,487.1	1,602.3	1,717.3	1,693.7

⁽¹⁾ Currency in Circulation Outside Banks (Currency Issued less Cash at banks) plus Monetary Deposits (being all short term deposits which bank customers can withdraw without prior notice)

⁽²⁾ Money Supply M1 plus Quasi-Monetary Deposits (being resident time and savings deposits in Dirhams plus resident deposits in foreign currencies)

⁽³⁾ Money Supply M2 plus Government Deposits at banks and at the UAE Central Bank

⁽⁴⁾ UAE Central Bank Preliminary figures subject to revision

Source: UAE Central Bank.

Money supply M1 (which consists of currency in circulation outside of banks (i.e. currency issued less cash at banks) plus monetary deposits in local currency with banks) decreased from AED 492.4 billion as at 31 December 2017, to AED 485.6 billion as at 31 December 2018, increasing to AED 514.7 billion as at 31 December 2019 and increasing to AED 542.7 billion in the first quarter of 2020. This was a result of fluctuations in monetary deposits from AED 424.7 billion as at 31 December 2017 and AED 415.1 billion as at 31 December 2018 to AED 436.5 billion as at 31 December 2019 and AED 456.5 billion in the first quarter of 2020. However, currency in circulation outside of banks increased from AED 67.7 billion as at 31 December 2017 to AED 70.5 billion as at 31 December 2018, increasing to 78.2 billion as at 31 December 2019 and increasing again to AED 86.2 billion in the first quarter of 2020.

Money supply M2 (which consists of money supply M1 plus quasi-monetary deposits (i.e. resident time and savings deposits in Dirhams plus resident deposits in foreign currencies)) increased from AED 1,276.2 billion as at 31 December 2017 to AED 1,308.4 billion as at 31 December 2018, to AED 1,411.4 billion as at 31 December 2019 and AED 1,454.9 billion in the first quarter of 2020.

Generally, median money supply M2 is considered the best indicator for the availability of liquidity in the economy, as it comprises currency in circulation outside banks, in addition to various deposits of all the resident sectors except the government sector in the UAE.

Money supply M3 (which consists of money supply M2, plus government deposits at banks and at the UAE Central Bank) increased from AED 1,487.1 billion as at 31 December 2017 to AED 1,602.3 billion as at 31 December 2018 to AED 1,717.3 billion in 2019 and decreased to AED 1,693.7 billion in the first quarter of 2020. The increase from 2017 to 2019 was as a result of government deposits increasing over this time, amounting to AED 210.9 billion as at 31 December 2017, AED 293.9 billion as at 31 December 2018 and AED 305.9 billion as at 31 December 2019. However, government deposits decreased in the first quarter of 2020 to AED 259.2 billion.

Foreign Reserves

The table below shows the foreign asset holdings of the UAE Central Bank as at 31 December in each of the years indicated.

	2017	2018	2019 ⁽¹⁾
		(AED millions)	
Foreign Asset Holdings.....	350,260	365,426	397,943

⁽¹⁾ Preliminary

Source: UAE Central Bank.

The UAE Central Bank's gross international reserves are principally held in deposit accounts with banks outside the UAE or are invested in securities and treasury bills issued by non-UAE issuers. The official reserves figure, however, excludes the stock of publicly controlled foreign assets held in other accounts in investment bodies controlled by individual emirates.

Foreign currency reserves increased between 2014 and 2019, notwithstanding lower international oil environment since mid-2014.

Banking and Financial Services

As at 31 December 2018 and in addition to the 36 branches of BoS, Invest Bank, United Arab Bank and SIB (combined) each located in the Emirate, the Emirate also had an additional 93 branches of non-Sharjah based national banks and 15 branches of foreign banks (out of 80 foreign bank branches throughout the UAE) (according to the UAE Central Bank Annual Report 2018). As at the date of this Base Prospectus, the Government owned 17.16 per cent. of the share capital of BoS (through SAM) and 37.55 per cent. of the share capital of SIB (through SAM and SSSF).

As at 31 December 2018, BoS, Invest Bank, United Arab Bank and SIB had AED 29,011 million, AED 14,026 million, AED 20,511 million and AED 44,746 million in total assets, respectively.

As at 31 December 2019, BoS, Invest Bank, United Arab Bank and SIB had AED 32,425 million, AED 11,705 million, AED 19,125 million and AED 46,390 million in total assets, respectively.

All banks in the UAE operate under the supervision of the UAE Central Bank.

The table below provides a statistical analysis of the UAE banking sector as at 31 December for each of the years indicated.

	2017	2018	2019 ⁽¹⁾
		(AED millions)	
Banks			
Total Assets	2,693,807	2,868,516	3,085,839
Foreign Assets (Net)	(16,842)	59,657	89,799
Foreign Assets	578,989	679,647	769,46
Foreign Assets to Total Assets (%)	21.5%	23.7%	25.0%
Foreign Liabilities	595,831	619,990	680,147

	2017	2018	2019 ⁽¹⁾
		(AED millions)	
Foreign Liabilities to Total Liabilities (%)	22.1%	21.6%	22.0%
Deposits ⁽²⁾	1,627,277	1,755,650	1,870,154
Residents	1,435,600	1,542,237	1,648,752
of which: Corporate	604,435	592,877	605,758
Non-Residents	191,677	213,413	221,402
of which: Corporate	88,310	91,889	87,692
Bank Credit (Domestic)	1,452,696	1,509,437	1,593,847
of which: Credit to Private Sector ⁽³⁾	1,105,007	1,150,018	1,150,880
Total Number of National Banks and Branches	880	832	741
Total Number of Foreign Banks and Branches	147	140	140
Number of Employees in Banks (UAE) ⁽⁴⁾	34,675	36,629	35,637

(1) Preliminary

(2) Excluding Inter-Bank Deposits

(3) Including Claims on Other Financial Institutions

(4) Excluding Auxiliary Staff. Data Subject to Revision on Quarterly Basis

Source: UAE Central Bank

Supervision of Banks

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain. An improved risk management framework is currently being implemented, which is designed to provide the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

Historically, the UAE Central Bank has not acted as a lender of last resort, a role which has tended to fall on the individual Emirates. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility (the "IMLF") is expected to enable non-Islamic UAE banks to use certain rated or Federal Government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see further "— Recent Trends in Banking — Liquidity").

Federal Law No. 10 of 1980 (the "1980 Law") grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the Federal Government on financial and monetary issues;
- maintain the Federal Government's reserves of gold and foreign currencies;
- act as a bank for the Federal Government and other banks operating in the UAE; and
- act as the Federal Government's financial agent with the IMF, the World Bank and other international financial organisations.

The UAE Central Bank is also responsible for regulating anti-money laundering activities in the UAE. It has established a Financial Intelligence Unit and hosted teams from the Financial Action Task Force ("FATF") and the IMF which reviewed, discussed and tested existing UAE laws and regulations. This led the FATF to decide, in January 2002, that the UAE had put in place an adequate anti-money laundering system.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the Dubai International Financial Centre. Similarly, in the Abu

Dhabi Global Market in Abu Dhabi ("**ADGM**"), the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector.

Since 1999, regulated banks in the UAE have been required to report in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Characteristics of the Banking System

The UAE banks are predominantly focused on the domestic market. With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. There is a high degree of state involvement in the UAE banking sector, with the five-largest banks having some degree of ownership by the governments and/or ruling families of individual emirates.

Additionally, a number of banks have developed in the Islamic world, including in the UAE, to serve customers who wish to observe *Shari'a* principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant *Shari'a* principles are complied with. The principal Sharjah based Islamic bank is SIB.

Anti-Money Laundering Legislation and Measures

The UAE takes an active part in the fight against money laundering and the financing of terrorism. The crimes of money laundering and financing of terrorism and the financing of illegal organisations are covered under federal criminal statutes and the federal penal code. Federal legislation and the implementation of regulations to combat these crimes are in force throughout the UAE, including the Financial and Commercial Free Zones and their implementation and enforcement are the responsibility of the relevant regulatory and supervisory authorities in either the federal or local jurisdictions.

The principal anti-money laundering ("**AML**") and combatting the financing of terrorism ("**CFT**") legislation within the UAE is *Federal Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combatting the Financing of Terrorism and Financing of Illegal Organisations* and implementing regulation, Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 *On Anti-Money Laundering and Combatting the Financing of Terrorism and Illegal Organisations*. The legislative and regulatory framework of the UAE is part of a larger international AML/CFT Legislative and regulatory framework made up of a system of intergovernmental legislative bodies and international and regional regulatory organisations.

In 2019, the Supervisory Authorities of the UAE published Anti-Money Laundering and Combatting the Financing of Terrorism and the Financing of Illegal Organisations for Financial Institutions ("**Guidelines**"), to provide guidance and assistance to supervised financial institutions such as the Central Bank of the UAE and aid their understanding and effective performance of their statutory obligations under the legal and regulatory framework in force in the UAE. These Guidelines do not constitute additional legislation or regulation and are not intended to set legal, regulatory or judicial precedent. They are intended instead to be read in conjunction with the relevant laws, cabinet decisions, regulations and regulatory rulings which are currently in force in the UAE and their respective Free Zones. The Guidelines apply to all financial institutions established and/or operating in the UAE and their respective Financial and Commercial Free Zones, whether they establish or maintain a business relationship with a customer, or engage in any of the financial activities and /or transactions or the trade and/or business activities outlined in Articles (2) and (3) of Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2019 on Anti-Money Laundering and Combatting the Financing of Terrorism and Illegal Organisations. These guidelines are also applicable to the members of these financial institutions' boards of directors, management and employees.

Specifically, they are applicable to all such natural and legal persons in the following categories:

- Banks, finance companies, exchange houses, money service business (including *hawaladar* or other monetary value transfer services);
- Insurance companies, agencies and brokers;
- Securities and commodities brokers, dealers, advisors, investment managers; and

- Other financial institutions not mentioned above.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the 1980 Law. Domestic commercial banks, also known as local banks, of which there were 21 as at 31 December 2019, are required to be public shareholding companies with a minimum share capital of AED 40 million. These domestic commercial banks hold 87.2 per cent. of the UAE's total banking assets.

Licensed foreign commercial banks, of which there were 38 as at 31 December 2018, need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. The 1980 Law also licenses financial institutions (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), investment banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

Recent Trends in Banking

Targeted Economic Support Scheme

Effective from 15 March 2020, the UAE Central Bank implemented the TESS which included a range of measures aimed at mitigating the economic effects of COVID-19 within the UAE. Such measures include allowing banks operating in the UAE access to loans and advances extended at zero cost against collateral by the UAE Central Bank, to be used to grant temporary relief to private sector corporate and SME customers and retail clients. In addition (subject to the terms of the TESS), banks are allowed to tap into the capital conservation buffer up to a maximum of 60 per cent. without supervisory consequences and D-SIBs are allowed to use 100 per cent. of their D-SIB buffer without supervisory consequences (in each case, until 15 March 2021).

To support the operation of the TESS and the general flow of funds into the economy in Sharjah, the Government initiated a programme to place unlisted short-term sukuk instruments issued by the Government with Sharjah-based banks. These sukuk instruments constitute high-quality assets which may be used by the participating banks to generate liquidity through their treasury operations. 50 per cent. of the proceeds from such issuance will be deposited back with the participating banks by the Government, further improving their liquidity position. In May 2020, the Government acting through the Sharjah Finance Department with Bank of Sharjah acting as sole lead manager and arranger, issued AED 2.0 billion in Sukuk trust certificates, the proceeds of which will be used to support the Sharjah economy, corporates, SME's, individuals and the banking sector in response to the COVID-19 pandemic. The securities were issued under the Sharjah Liquidity Support Mechanism in co-operation with the TESS, and the Government envisages issuing up to AED 4.0 billion.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009, by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at

zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Banks in the UAE are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The following table sets out the capital adequacy ratio of all UAE national banks as at 31 December for 2017, 2018 and 2019.

	2017	2018	2019*
		(per cent.)	
Total capital adequacy ratio.....	18.1	17.5	17.7
Tier I capital adequacy ratio.....	16.6	16.2	16.5

* Preliminary data subject to revision

Source: UAE Central Bank

The Basel Committee on Banking Supervision (the "**Basel Committee**") has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and 13 January 2011, the Basel Committee issued the Basel III Reforms, constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**").

Basel III does not replace Basel II, rather, it implements a series of modifications to the existing regulatory structure.

Basel III increases the quantity and quality of the regulatory capital banks are required to hold. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit and market exposures arising from certain assets and transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity. The most significant features of the reforms introduced by Basel III are as follows:

Capital base

Between 2013 and 2019, the common equity component of capital (known as Core Tier I) increased from 2 per cent. of a bank's risk-weighted assets before certain regulatory deductions to 4.5 per cent. after such deductions. In addition, a new capital conservation buffer was introduced, as well as a zero to 2.5 per cent. counter-cyclical capital buffer. As a result, the overall capital requirement (Tier I and Tier II) increased from 8 per cent. at the Basel II baseline to 10.5 per cent. by 2019 with full Basel III implementation.

Common equity

Common equity will continue to form the basis of Tier I capital, but other hybrid capital instruments permitted under Basel II will be replaced with instruments that are more loss absorbing and do not have incentives to redeem. Non-qualifying instruments issued on or after 12 September 2010 were derecognised in full from 1 January 2013; certain other instruments issued prior to 12 September 2010 which qualified as Tier I capital under Basel II but do not so qualify under Basel III, consisting of, among other instruments, perpetual non-cumulative preference shares, will be gradually derecognised at a rate of 10 per cent. per year from 2013 to 2023.

Capital charges

Increased capital charges will be introduced with respect to re-securitisation exposures and certain liquidity commitments held in the banking book will require more capital. With respect to a bank's trading books, more robust risk assessment methodologies will be utilised to value assets and increased counterparty and market risk charges will be assessed for exposure to other financial institutions and securitised assets.

Leverage ratio

A minimum 3 per cent. leverage ratio, measured against a bank's gross (and not risk-weighted) balance sheet, was adopted on a trial basis until 2018 and definitively adopted in 2019.

Liquidity standards

A "liquidity coverage ratio" requiring high-quality liquid assets to equal or exceed certain cash outflows was adopted in 2015, thereby ensuring that a bank has sufficient high-quality liquid assets to survive a one-month period of market stress. In addition, a "net stable funding ratio" requiring "available" stable funding sources to equal or exceed "required" stable funding was adopted in 2018, thereby ensuring that a bank has access to capital or high-quality funding to survive a one-year period of market stress.

The UAE Central Bank issued guidelines on the implementation of Basel III in July 2012 under the heading "Liquidity Regulations at Banks" (see "*— Liquidity*" for further details). Since then, the UAE Central Bank has been preparing local institutions for the implementation of the Basel III standards. In addition, on 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which became effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements. The February 2017 Regulations are supported by accompanying standards (the "**Accompanying Standards**") which were published by the UAE Central Bank on 17 January 2018 in its Circular No. 28/2018 entitled "Standard re Capital Supply" and were expressed to be effective from 31 December 2017. The Accompanying Standards elaborate on the supervisory expectations of the UAE Central Bank, as set out in the February 2017 Regulations, with respect to the relevant Basel III capital adequacy requirements and how they will be applied by the UAE Central Bank to banks in the UAE.

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies based in the UAE. According to preliminary data made available by the UAE Central Bank, resident deposits constituted approximately 89.5 per cent. of total deposits of the UAE banking sector (excluding inter-bank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements) as at 30 September 2019. Of these, government and government-related entity deposits constituted approximately 33.2 per cent. of total resident deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and borrowings under repurchase agreements) as at 30 September 2019. Non-resident sources constituted approximately 11.9 per cent. of total deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and borrowings under repurchase agreements) as at the same date (*source*: UAE Central Bank Statistical Bulletin September 2019).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit ("**CD**") repurchase facility under which banks can use CDs as collateral for Dirham or U.S. Dollar funding from the UAE Central Bank. Further, banks can access funds through the IMLF.

In addition to these measures, the Federal Government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the Federal Government deposits made with them into Tier II capital.

The UAE Central Bank is expected to tighten regulations on how banks in the UAE manage liquidity through the introduction of new qualitative, quantitative and reporting requirements on liquidity risk management. In line with Basel III requirements, the UAE Central Bank has issued UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015

and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**") which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III LCR and NSFR (each as defined in the table below) come into effect. These include the following:

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR \geq 10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR \geq 10%)	1 July 2015 – December 2017
	Advances to Stable Resources Ratio (ASRR $<$ 100%)	1 June 2013 – December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR $>$ 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR $<$ 100%)	January 2018 onwards

The liquid asset ratio (the "**LAR**") was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the eligible liquid assets ratio (the "**ELAR**"). Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high-quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they are required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central Bank approval).

The liquidity coverage ratio (the "**LCR**") represents a 30-day stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with high quality liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail high quality liquid assets for this purpose.

The advances to stable resources ratio (the "**ASRR**") is an interim ratio that recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The net stable funding ratio (the "**NSFR**") is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE bank's contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Provisions for Loan Losses

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss, depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection),

respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE were required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;
- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to Board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank published a notice amending certain of the large exposure limits set out above (the "**Large Exposure Notice**"). The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	New Limit		Old Limit	
	Individual	Aggregate	Individual	Aggregate
Federal Government and its non-commercial entities	Exempt	Exempt	Exempt	Exempt
UAE local government and its non-commercial entities.....	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt`
Commercial entities of Federal Government and UAE local government.....	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals.....	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates.....	10%	25%	20%	60%
Board members	5%	25%	5%	25%

Mortgage Cap Regulation and Consumer Loan Regulation

The UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers by way of a circular dated 23 February 2011 the ("**Retail Circular**") on retail banking and notice no. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the "**Official Gazette**") on 28 November 2013 and entered into force on 28 December 2013) (the "**Mortgage Regulations**"). These regulations, amongst other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail

products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months.

The Mortgage Regulations, which supersede UAE Central Bank notice no. 3871/2012 dated 30 December 2012, provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than AED 5 million and, for a first purchase of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the Federal Government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009 the UAE's National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Establishment of a Credit Bureau in the UAE

Al Etihad Credit Bureau ("AECB") is a Federal Government company specialised in providing UAE based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations.

Federal Debt Management

In October 2018, UAE Federal Law No. 9 of 2018 Concerning Public Debt (Public Debt Law) was issued. The Public Debt Law permits the UAE Federal Government to issue sovereign debt through the sale of bonds or other debt instruments, which is intended to support the UAE Central Bank in liquidity management in the UAE banking system and is intended to help the UAE banking sector meet international liquidity rules. The Public Debt Law further established that the total amount of outstanding UAE federal public debt shall not, at any time, exceed the amount determined by the cabinet, at maximum of 250 per cent of the Federal Government's own stable revenue. In addition, the Public Debt Law is intended to enable banks operating in the UAE to purchase government bonds in AED or foreign currencies, which is intended to help them comply with Basel III requirements. The Public Debt Law also expressly permits the UAE Federal Government to provide guarantees on behalf of federal government authorities and corporations which are wholly owned by the UAE Federal Government.

The Public Debt Law establishes a federal Public Debt Management Office, which will have various support roles within the UAE Ministry of Finance, including the following:

- responsibility for proposing public debt management strategies and policies in coordination with the UAE Central Bank, implementing the strategies and policies approved by the Cabinet, and providing recommendations on issuance of public debt instruments;
- monitoring financial risks as well as other risks associated with issuing and trading any public debt instruments, and proposing solutions to manage and control these risks;

- advising the Minister of Finance on investments involving any public debt surplus, identifying risk levels on borrowing or issuing any guarantees for government projects as well as playing an important role in the development of policies and procedures created to manage and reduce risks in the public debt portfolio;
- working closely with the UAE Central Bank with regard to the management of the issuance and sale operations of government bonds, treasury bills, and any other public debt instruments;
- setting short and long-term objectives for the UAE's public debt management;
- issuing reports on the management and implementation of public debt; and
- coordinating with local governments in each emirate to support and develop a highly efficient primary and secondary financial market by issuing public debt instruments in the state, in which each local government shall establish a public debt office if local public debt instruments are issued.

Insurance

There is an absence of published statistical data on the insurance sector in the UAE and Sharjah. Insurance companies are regulated by the Insurance Division of the Federal Ministry of Economy.

Al-Buhaira National Insurance Company is a public shareholding company incorporated in the Emirate and is listed on the ADX. It undertakes several classes of insurance business, including life insurance, saving and accumulation of funds. In addition to its head office, Al-Buhaira National Insurance Company has two further branches located in Abu Dhabi and Dubai.

Shari'a compliance

The Federal Law No. 14 of 2018 entered into force with effect from 23 September 2018 and requires financial institutions licensed by the UAE Central Bank to operate their business activities in compliance with the rules, standards and general principles established by the Higher Shari'a Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher Shari'a Authority before undertaking certain licensed financial activities.

Capital Markets

The capital markets in the UAE are regulated by a number of entities including the Emirates Securities and Commodities Authority (the "SCA"), which licenses intermediaries to trade on the DFM and ADX. The SCA is a Federal Government organisation but has financial, legal and administrative independence.

The other significant stock exchange in the UAE is Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) which commenced operations in September 2005 and, as an entity based in the Dubai International Financial Centre, is separately regulated by the Dubai Financial Services Authority.

In May 2018, the SCA issued Chairman Decision No. 20/R.M. of 2018 on the Offering or Issuance of Islamic Securities (the ISRs), in order to add an additional layer of disclosure and transparency to the UAE's sukuk market and strengthen investor protection. The ISRs apply to (i) domestic issuers of Sharia-compliant securities seeking to offer those securities either within or outside the UAE, and (ii) foreign issuers of certain Sharia-compliant securities seeking to offer those securities into the UAE. The ISRs outline a number of key disclosure requirements that must be included in the offering document, a number of specific requirements in respect of the fatwa as well as the continuing obligations that apply to Sharia-compliant securities, including the provision of an annual Sharia report.

Dubai Financial Market

The DFM, which is now, along with Nasdaq Dubai, owned by Borse Dubai, was established by the Government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements.

The following table sets out the number of traded shares, the value of traded shares, and the number of executed transactions on the DFM and the closing price of the DFM Index as at 31 December for the years indicated:

	2017	2018	2019
Number of traded shares (billions)	82.5	45.4	40.0
Value of traded shares (AED billions).....	115.1	59.7	53.1
Number of trades (millions)	1.1	0.6	0.6
Market capitalisation (AED billions).....	394.0	343.3	375.5
DFM Index year-end index closing price	3,370	2,529.8	2,765

Sources: Dubai Statistics Centre, DFM.

Nasdaq Dubai

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, DFM announced that it had made an offer to Borse Dubai Limited and the NASDAQ OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.\$121 million and comprised U.S.\$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the OMX Group and was completed on 11 July 2010. Subsequent to the transaction, both Nasdaq Dubai and DFM are operating as two distinct markets that are subject to different regulatory frameworks. Nasdaq Dubai is regulated by the Dubai Financial Services Authority and the DFM is regulated by the SCA.

The DFM was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014, which has led to an increase in interest and investment from international institutional investors in Dubai.

Nasdaq Dubai's standards are comparable to those of leading international exchanges in New York, London and Hong Kong. Nasdaq Dubai allows regional and international issuers access to regional and international investors through primary or dual listings. Investors can access Nasdaq Dubai through a unique mix of regional and international brokers.

Nasdaq Dubai currently lists equities, equity derivatives, Dubai gold securities, structured products, sukuk and conventional bonds. Nasdaq Dubai listed sukuk with a total nominal value of U.S.\$14.15 billion listed during 2019, maintaining its position as one of the world's largest exchanges for sukuk.

Equity listings on Nasdaq Dubai include DP World Limited, which had the Middle East's largest IPO in 2007 at U.S.\$5.0 billion, as well as Depa Limited and Orascom Construction Limited.

The following table sets out the number of traded shares, the value of traded shares and the number of executed transactions on Nasdaq Dubai, the market capitalisation of Nasdaq Dubai and the closing price as at 31 December of the FTSE Nasdaq Dubai UAE 20 Index (which tracks 20 liquid stocks listed on the DFM, the Abu Dhabi Securities Exchange and Nasdaq Dubai) in each of the years 2017, 2018 and 2019:

	2017	2018	2019
Trading volume (millions).....	273	165	151
Trading value (AED millions).....	4,884	4,234	5,921
Number of transactions	29,518	26,882	40,724
Market capitalisation (AED millions)	82,822	57,496	44,220
FTSE Nasdaq Dubai UAE 20 year-end closing price.....	3,289	3,074	3,184

Sources: Dubai Statistics Centre, Nasdaq Dubai.

PUBLIC FINANCE

Government Finance

Government Budget and Financial Information

The Government sector in Sharjah is defined as consisting of entities known in Sharjah as centralised departments. The wider public sector in Sharjah consists of independent authorities which are wholly or majority publicly-owned (see "*Description of the Emirate of Sharjah — Relationship between the UAE Constitution and Sharjah — The Government*" above for further details).

The centralised departments of the Government negotiate their individual budgets with the Finance Department on an annual basis, with the final budgets being approved by Sharjah Executive Council and H.H. The Ruler. The budget-setting arrangements for independent authorities vary from entity to entity, depending on their constitutional documents and established practice. All centralised department revenues flow to accounts managed by the Finance Department on behalf of the Government and are used to fund the Government's expenditure. The Finance Department controls the expenditure of centralised departments on a detailed, line-by-line basis, to ensure consistency with the budget.

Major project expenditure and a number of "non-departmental" items such as debt servicing and grant schemes are also managed centrally by the Finance Department, rather than through departmental budgets.

Decentralised departments and independent authorities may, depending on their financial circumstances, receive financial support from the Government in the form of grants, free land allocations, the assumption of certain payment obligations or loans from the Government. Alternatively, if they are cash-generating, these entities may be required to make dividend-like payments to the Government.

Government Consolidated Accounts

The Government does not prepare consolidated annual or quarterly accounts as at the date of this Base Prospectus.

Public Finance Modernisation Programme

Between 2010 and 2016 the Finance Department implemented a public finance modernisation programme to modernise and professionalise the Government's financial management. Building on the foundations of its public finance modernisation programme, the Finance Department has developed, and begun implementing, strategic priorities which aim, among other things, to promote the Emirate's sustainable economic growth and financial stability, and are operational in nature.

Government Cash Flow Analysis

The Government regularly prepares detailed cash flow statements in order to centrally control its liquidity and payment commitments. The table below sets out the detailed cash flow statements for the years indicated, excluding debt financing.

Each area of the Emirate of Sharjah has a Municipality authority, which is responsible for providing local services. There are nine Municipality authorities, of which Sharjah City Municipality is by far the largest. These entities were in the past considered independent authorities and not consolidated into the Government budget. However, since 2016, the Municipalities have been treated as centralised departments, and have been consolidated. This change is reflected in the tables below.

	2017	2018	2019	2020*
	(AED millions)			
Cash Inflows				
Department of Customs.....	1,123	882	894	850
Economic Development Department.....	904	862	817	873
Sharjah Police	873	801	988	895
Town Planning Department.....	163	121	85	97
Directorate of Public Works.....	1	1	3	—
Roads and Transport Authority	329	547	874	822
Sharjah Municipality.....	1,428	1,319	1,292	1,432
Other Municipalities.....	73	64	72	—
Other departmental revenues.....	459	557	678	632
Oil, gas and LPG.....	356	412	567	182

	2017	2018	2019	2020*
	(AED millions)			
Land sales.....	1,229	776	67	385
Bank tax	68	52	56	50
VAT receipts.....	—	—	2,795	1,750
Shares/Dividends.....	50	100	200	100
Transfer from GREs, and other revenues	1,567	2,750	1,050	1,575
Increase in Sharjah Social Security Fund	0	798	1,085	3,770
Total Cash Inflows	8,623	10,042	11,523	13,413
Cash Expenditure				
Departmental expenditure				
Police	(1,165)	(1,316)	(1,476)	(1,558)
Roads and Transport Authority	(249)	(252)	(320)	(437)
Social Services	(313)	(515)	(600)	(689)
Culture and Information	(171)	(200)	(201)	(228)
Media/TV	(353)	(414)	(447)	(458)
Customs	(219)	(311)	(323)	(360)
Sports Council.....	(404)	(463)	(564)	(555)
Town Planning	(159)	(208)	(208)	(227)
Al Diwan Al Amiri, Sharjah.....	(139)	(175)	(165)	(125)
Museums	(141)	(175)	(178)	(189)
Economic Development	(147)	(201)	(208)	(231)
Islamic Affairs and Awqaf	(124)	(150)	(155)	(155)
e-Government.....	(90)	(108)	(111)	(132)
Public Works.....	(74)	(94)	(101)	(117)
Police Sciences Academy.....	(88)	(101)	(107)	(120)
Sharjah Municipality.....	(1,043)	(1,256)	(1,252)	(1,585)
Other Municipalities.....	(558)	(752)	(772)	(808)
Other departmental expenditures.....	(1,428)	(2,008)	(2,353)	(2,727)
	—	—	—	500
Total departmental expenditures	(6,864)	(8,699)	(9,541)	(10,201)
Central expenditure				
Contractor Payments	(2,247)	(2,655)	(4,252)	(2,000)
Debt Interest.....	(609)	(856)	(1,282)	(1,429)
Subsidies, Grants and Central Spending.....	(1,510)*	(1,760)*	(2,527)	(2,608)
Total expenditures	(11,230)	(13,970)	(17,602)	(16,237)

Source: Finance Department

* Source: Sharjah Finance Department budget data.

Total cash inflows increased from AED 8.6 billion in 2017 to AED 10.0 billion in 2018 and AED 11.5 billion in 2019, and are budgeted to increase further in 2020, to AED 13.4 billion primarily as a result of higher revenues coming from GREs operating in commercial sectors and a one-off transfer of liquid assets from the UAE federal pension scheme to the Sharjah Social Security Fund. Although the Government has not amended its budget, it expects some negative effect on revenues from the impact of the COVID-19 pandemic and associated policy response measures, which have curtailed economic activity and reduced certain revenue items. (See *"Risk Factors—Risks relating to the Issuer and the UAE—Risks relating to the emergence of the 2019 novel coronavirus COVID-19"* and *"Description of the Emirate of Sharjah—Relationship between the UAE Constitution and Sharjah—COVID-19 Impact and Response measures Adopted in the UAE and Sharjah"*). Cash inflows from oil, gas and LPG increased from AED 356 million in 2017 to AED 412 million in 2018 and AED 567 million in 2019, and are budgeted to fall back to AED 182 million in 2020. Cash inflows from land sales tend to be volatile since they consist of a small number of large payments related to release of land by the Government for project development: these inflows fell from AED 1,229 million in 2017 to AED 776 million in 2018 and AED 67 million in 2019 and are budgeted to be AED 385 million in 2020. The lower rate of inflows reflects ongoing relative weakness in the UAE real estate market. Cash from bank taxes amounted to AED 68 million in 2017, AED 52 million in 2018 and AED 56 million in 2019 and is budgeted to be AED 50 million in 2020. Finance costs (debt interest) increased from AED 609 million in 2017 to AED 856 million in 2018 and AED 1,282 million in 2019, as the Government incurred additional debt, primarily to fund capital expenditure (see *"Indebtedness"*) and budget deficits. These costs are budgeted to increase further to AED 1,429 million in 2020.

Government Revenue

Sharjah's government revenues totalled AED 10.0 billion for the year ended 31 December 2018, increasing by AED 1.4 billion from AED 8.6 billion for the year ended 31 December 2017 reflecting an increase of

16.5 per cent. Sharjah's government revenues totalled AED 11.5 billion for the year ended 31 December 2019, increasing by AED 1.5 billion from AED 10.0 billion for the year ended 31 December 2018, representing an increase of 14.7 per cent.

The Government has a relatively diverse revenue base. With the exception of a levy on foreign banks and hydrocarbon extraction, there is no traditional direct tax, although the Federal Government introduced a national value added tax at the rate of 5 per cent. with effect from 1 January 2018 and an excise duty on certain goods in October 2017. Sharjah's allocation of revenues from these indirect taxes began to be disbursed by the UAE Federal Government in 2019 leading to an increase in revenues in spite of the decrease in revenue attributable to lowered GRE transfer and land sale revenue. Prior to 2019, there were no VAT revenues and the revenues collected by the UAE Federal authorities in 2018 began to be disbursed in 2019. This beneficial tax environment provides an incentive for businesses and wage-earners to locate to the Emirate.

Licensing, fines and fees provide the majority of revenues, in particular via the Department of Customs, the Economic Development Department and Sharjah Police.

Land sales to private companies and individuals generate significant capital receipts for the Government, as well as providing a means for the Government to manage the pace and location of economic expansion. In addition, this represents an area of particular fiscal flexibility for the Government, which can choose how much land to release for sale or development in a given year, based on market conditions, development priorities and fiscal requirements.

Aggregate oil, gas and LPG revenues are on a long-term declining path notwithstanding year to year fluctuations and in 2018 represented just 5.5 per cent. of total receipts. As such, the Emirate does not display high levels of hydrocarbon fiscal dependency. Falling production levels since 2009 had been broadly offset in nominal terms by rising prices until the end of 2014. The new gas field discovered in the onshore "Mahani" site is not yet commercially operational.

Government Expenditure

The Government's expenditure totalled AED 14.0 billion in 2018, as compared to AED 11.2 billion in 2017, reflecting an increase of 24.4 per cent. The Government's expenditure totalled AED 17.6 billion in 2019, as compared to AED 14.0 billion in 2018, reflecting an increase of 26.0 per cent. The majority of this expenditure is incurred by centralised departments, with wages and other staff costs being the largest element of such expenditure. Salary enhancements and high levels of recruitment have increased departmental spending in recent years.

Growth in departmental budgets has reflected the Government's policy priorities, with a particular focus on cultural activities (such as media/TV and culture and information) and social services.

Payments to contractors for major projects and other "non departmental" expenditure items are managed centrally by the Finance Department. Project expenditure has recently increased. Other discretionary expenditure, such as "makrama" (local and foreign aid), grants to private sector institutions and centrally managed policy initiatives, has also increased recently.

Overall Budget Position

The Government aims to achieve a broadly balanced current budget (i.e. excluding capital expenditure and receipts) over a period of time. Accordingly, it is prepared to borrow to finance capital investment.

Government of Sharjah overall budget 2017 – 2020

	2017	2018	2019	2020*
		<i>(AED millions)</i>		
Expenditure	(11,231)	(13,970)	(17,602)	(16,237)
Revenue	8,623	10,042	11,523	13,413
Deficit	(2,609)	(3,928)	(6,079)	(2,824)

Government of Sharjah current budget 2017 - 2020

	2017	2018	2019	2020*
		(AED millions)		
Total deficit.....	(2,609)	(3,928)	(6,079)	(2,824)
Capital and project expenditure.....	(2,247)	(2,655)	(4,252)	(2,000)
Capital receipts.....	1,229	776	67	385
Current budget deficit.....	(1,591)	(2,049)	(1,894)	(1,209)

* Source: Sharjah Finance Department budget data (unrevised for impact of COVID-19)

Government Assets and Investments

Government Assets – Cash and Fixed Assets

The Government does not generally hold very large amounts of cash and from time to time uses short-term working capital facilities to balance cash flow. The Government held AED 2,528 million cash and cash equivalents as at 31 December 2018 and AED 2,411 million as at 31 December 2019.

The Government holds a very large stock of fixed assets, although no comprehensive valuation is available. All unallocated land in the Emirate is *de facto* the property of the Government. The Government also owns land and buildings used for government activities and public services.

Government Investments

In addition to its ownership of decentralised departments and independent authorities, the Government has minority shareholdings in a number of private sector businesses. The table below shows the principal listed commercial enterprises in which the Government directly held a shareholding as at 31 December 2019, showing a total asset value of AED 33 billion. These are generally strategic investments which the Government intends to hold over the medium to long term because of their importance to the Emirate's development. No material change to this portfolio mix has occurred as at the date of this Base Prospectus, notwithstanding the Government's acquisition of a majority stake in Invest Bank PJSC, which is considered policy-driven in nature and not a tradable financial asset (see *Financial and Insurance Activities*).

The Government's holdings in listed companies through SAM and SSSF and the value thereof as at 31 December 2019 was as follows:

Company Name	Market Capitalisation (AED Millions)	Sharjah Asset Management Company		SSSF		Combined Shareholding (%)	Combined Value (AED Millions)
		Shareholding (%)	Value (AED Millions)	Shareholding (%)	Value (AED Millions)		
Air Arabia.....	7,513	18.56	1,394	-	-	18.56	1,394
Bank of Sharjah Limited....	1,722	17.16	295	-	-	17.16	295
Sharjah Islamic Bank.....	3,610	28.46	1,027	9.09	328	37.55	1,355
Sharjah Cement and Industrial Development Company	547	14.78	81	9.09	50	23.87	131
Dana Gas	6,709	3.47	233	-	-	3.47	233
Total Market Value of Listed Shares.....	20,101	-	3,031		378		3,409

Source: Bloomberg

Relationship with the Federal Government

There were no fiscal flows between the Government and the Federal Government in the years 2017-2019, although in 2018 the Federal Government subsequently took responsibility for collecting Value Added Tax and in 2019 began distributing to each emirate the relevant share of proceeds. Despite a lack of financial flows, the Emirate benefits significantly from a range of public services provided at the federal level including:

- Basic education for UAE nationals;
- Healthcare for UAE nationals;

- Defence and foreign policy initiatives;
- Some UAE-wide police and civil defence initiatives; and
- Postal services.

In addition, the Federal Government maintains a large public works programme, which covers, in particular, infrastructure and housing.

The Federal Government expenditure budget for 2020 is AED 61.4 billion, increasing from a budget of AED 60.3 billion in 2019.

INDEBTEDNESS

The Government has adopted a centralised debt policy, administered by the Debt Management Office (the "DMO"), which is a division of the Finance Department. The DMO directly manages the borrowing of the Government. For decentralised departments and independent authorities, the DMO plays a role in coordinating all borrowing activity, advising entities on how to structure transactions and approach the market, and supporting them in commercial negotiations and the completion of legal processes. Any borrowing from these entities must be approved in advance by the DMO.

Government Debt

The table below sets out the details of the Government's outstanding debt as at 31 December in each of the years indicated.

	2017	2018	2019
Gross Debt (AED millions)	18,061	24,742	33,319
Gross Debt ⁽¹⁾ /GDP (%)	15.0	20.0	26.6
Net Debt ⁽²⁾ (AED millions)	17,878	22,214	30,908
Net Debt ⁽²⁾ /GDP (%)	14.8	17.9	24.7

⁽¹⁾ GDP data for 2020 is unavailable as at the date of this Base Prospectus

⁽²⁾ Net Debt is equivalent to Gross Debt minus holdings of cash and cash equivalents.

Of the Government's total outstanding indebtedness of AED 33,319 million as at 31 December 2019, 65 per cent. was denominated in U.S. Dollars and 35 per cent. was denominated in AED, after taking account of hedging arrangements. 9 per cent. of the Government's debt comprised borrowings from Sharjah based banks, 28 per cent. of the Government's debt comprised borrowings from other UAE based banks, 15 per cent. of the Government's debt comprised borrowings from international banks, and 48 per cent. of the Government's debt comprised indebtedness due under the public debt issuances. The Government has undertaken six public sukuk issuances: U.S.\$750,000,000 4.764 per cent. trust certificates issued in 2014 by Sharjah Sukuk Limited due 2024; U.S.\$500,000,000 3.839 per cent. trust certificates issued in 2016 by Sharjah Sukuk (2) Limited due 2021; U.S.\$1,000,000,000 4.226 per cent. trust certificates issued in 2018 by Sharjah Sukuk Programme Limited under the Programme, which was subsequently increased to U.S.\$1,200,000,000 through a tap of the issuance in 2018 due 2028; U.S.\$1,000,000,000 3.854 per cent. trust certificates issued in 2019 by Sharjah Sukuk Programme Limited under the Programme due 2026; U.S.\$750,000,000 3.234 per cent. trust certificates issued in 2019 by Sharjah Sukuk Programme Limited under the Programme due 2029; and U.S.\$1,000,000,000 2.942 per cent. trust certificates issued in 2020 by Sharjah Sukuk Programme Limited under the Programme due 2027.

On 2 February 2018, the Government conducted an RMB 2,000,000,000 issuance under its onshore "panda bond" programme in the People's Republic of China. The proceeds of the issuance and ongoing coupon payment liabilities were swapped into AED.

The maturity profile of the indebtedness outstanding on 31 December 2019 is as set out in the table below.

	2020	2021	2022	2023	2024	2025	After 2025
Principal payments (in AED millions)	4,292	4,965	2,923	3,454	3,825	1,759	12,100

The Government has no record of default on its indebtedness, current or past.

Wider Public Sector Debt

The table below sets out the details of the main outstanding debt of GREs as at 31 December 2019.

	Gross Debt Outstanding	Net Debt ⁽¹⁾
	(AED millions)	
SEWA	8,153	7,823
Sharjah Asset Management	1,218	1,111
Shurooq	1,138	1,088
Sharjah Airport Authority	360	61
SAIF-Zone	248	71
Hamriyah Free Zone Authority	138	(99)
Bee'ah	665	558

	Gross Debt Outstanding	Net Debt⁽¹⁾
	<i>(AED millions)</i>	
Others.....	823	80
Total	12,743	10,744

⁽¹⁾ Net Debt is equivalent to Gross Debt minus holdings of cash and cash equivalents.

Source: Finance Department

The Government does not provide blanket guarantees for the borrowing of any decentralised department or independent authority. However, the Government has guaranteed a number of individual transactions in order to help an entity to obtain the most favourable commercial terms. Requests for such guarantees are appraised by the DMO on a case by case basis, taking risk, pricing and strategic importance into consideration.

The borrowings guaranteed by the Government, as at 31 December 2019 are AED 1,165 million for SEWA and AED 750 million for Shurooq.

Total Public Sector Debts

The table below sets out the details of the public sector outstanding debt as at 31 December in each of the years indicated below.

	2017	2018	2019
Public Sector Gross Debt (AED millions).....	28,434	35,604	46,062
Public Sector Gross Debt/GDP (%).....	23.6	28.7	36.8
Public Sector Net Debt(2) (AED millions).....	25,551	31,052	41,652
Public Sector Net Debt(2)/GDP (%).....	21.2	25.1	33.1

⁽¹⁾ GDP data for 2020 is unavailable as at the date of this Base Prospectus.

⁽²⁾ Net Debt is equivalent to Gross Debt minus holdings of cash and cash equivalents.

Public sector net debt was AED 41.6 billion or 33.3 per cent of GDP in 2019, AED 31.1 billion, or 25.1 per cent. of GDP, in 2018, and AED 25.6 billion, or 21.2 per cent. of GDP in 2017.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to The Depository Trust Company System ("**DTC System**") is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org, but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct

Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping,

administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken

by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Issuer, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any changes in law that might take effect after such date.

UAE Taxation

There is currently in force in the Emirate of Sharjah legislation establishing a general corporate taxation regime (the Sharjah 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 Sharjah taxation in respect of payments of interest or principal on debt securities (including the Notes). If any such withholding or deduction is required to be, the Issuer has undertaken to gross-up any payments (subject to certain limited exceptions).

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.

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with purchasers of Registered Notes that are U.S. Holders, acquire such Registered Notes at initial issuance and will hold the Registered Notes as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar; (x) persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognised on an applicable financial statement; and (xi) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, or non-U.S., state or local tax considerations.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Registered Notes that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership (or any other entity or arrangement treated as fiscally transparent for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership generally will depend upon the

status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986 (the "**Code**") its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect where applicable and all of which are subject to change at any time, possibly with retroactive effect. No rulings have been or will be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the matters discussed below, and no assurance can be given that the views of the IRS or a court with respect to those matters will not differ from those described below.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF REGISTERED NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.

The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise.

Payment of Interest

General

Interest on a Note held by a U.S. Holder, including the payment of any additional amounts whether payable in U.S. dollars or a currency other than U.S. dollars ("**foreign currency**" interest on a "**Foreign Currency Note**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount — General*"), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "*Original Issue Discount — General*") and payments of any additional amounts generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is allocable to interest that accrued prior to the date the Note is issued ("**pre-issuance accrued interest**"), the Issuer intends to take the position that, on the first interest payment date, a portion of the interest received in an amount equal to any pre-issuance accrued interest will be treated as a return of the pre-issuance accrued interest and not as a payment of interest on the Note. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received. The remainder of this discussion assumes that in determining the issue price of a Note and the amount paid for a Note, there will be excluded an amount equal to the pre-issuance accrued interest. U.S. Holders should consult their tax advisers with regard to the tax treatment of the pre-issuance accrued interest on a Note.

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes ("**CPDIs**"). If Notes are issued that are characterized as CPDIs, supplemental U.S. federal income tax disclosure may be separately provided in a prospectus supplement or otherwise.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" (as defined below) over its issue price is at least a *de minimis* amount (generally, 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment**

obligation") generally will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the **"issue price"** of a Note under the applicable Final Terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The **"stated redemption price"** at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A **"qualified stated interest"** payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than in debt instruments of the Issuer) at least annually at a single fixed rate, or a single qualifying variable rate, applied to the outstanding nominal amount of the Note (with certain exceptions for lower rates paid during some periods). Notes that provide for multiple rates of interest are more likely to be issued with OID, however the relevant rules are complicated. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. Talk to your own advisers about the applicability of these rules to a particular Note.

If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described below under "*Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated nominal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note (**"accrued OID"**). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The **"adjusted issue price"** of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being **"acquisition premium"**) and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under "*General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and

unstated interest, as adjusted by any amortisable bond premium (described below under "*Original Issue Discount — Notes Purchased at a Premium*") or acquisition premium. If a U.S. Holder makes this election for the Note, then, when the constant yield method is applied, the issue price of the Note will equal the U.S. Holder's adjusted basis immediately after its acquisition of the Note, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed below under "*Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's revised issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its nominal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount — Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

Generally

A U.S. Holder's tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments other than qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. Except to the extent described above under "*Original Issue Discount — Market Discount*" or "*Original Issue Discount — Short-Term Notes*" or attributable to accrued but unpaid qualified stated interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain are currently lower than the maximum marginal rates applicable to ordinary income if the Notes have been held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.

Benchmark Amendments

If the reform or elimination of any benchmark rate requires the manner of which interest is calculated on a note is to be altered, that may result in a deemed exchange of old notes for new notes, which may be taxable to U.S. Holders, or may affect the calculation of OID. Recently proposed Treasury regulations provide additional circumstances under which the replacement of a benchmark rate would not be treated as a deemed exchange and would not affect the calculation of OID, provided certain conditions are met. It cannot be determined at this time whether the final Treasury regulations on this issue will contain the same standards as the proposed Treasury regulations. U.S. Holders should consult with their tax advisers regarding the potential consequences of a Benchmark Event.

Foreign Currency Notes

Interest and OID

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Note in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S.

Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognize, as ordinary income or loss, foreign currency exchange gain or loss with respect to accrued interest income on the date the interest is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income for the relevant accrual period and the spot rate of exchange on the date such interest is actually or constructively received.

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Note), a U.S. Holder may recognise foreign exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account will recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. dollar cost of the Note.

The amount realised on the sale, exchange, redemption or retirement of a Note denominated in a Foreign Currency is treated as currency exchange gain or loss to the extent attributable to fluctuations in exchange rates between the time the Note was acquired and the date of disposition. This exchange gain or loss will equal the difference between the U.S. dollar value of the nominal amount of the Notes on the date of disposition or receipt of redemption proceeds, as applicable, and the U.S. dollar value of the nominal amount on the date the U.S. Holder (acquired the Note. This exchange gain or loss will be realised only to the extent of the total gain or loss realised by a U.S. Holder on the disposition or retirement of the Note and will be treated as ordinary income or loss. Aggregate gain or loss in excess of exchange gain or loss on a Note will generally be treated as U.S. source capital gain or loss.

Foreign Tax Credit Considerations

If UAE-taxes were to be imposed on payments with respect to the Notes, see "*Taxation — UAE Taxation*", subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a credit against its U.S. federal income tax liability for any such UAE taxes. A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such UAE taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisers regarding the application of such rules and the creditability or deductibility of any UAE taxes.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments of interest in respect of the Notes and the proceeds from sale, exchange or disposition of the Notes held by a U.S. Holder unless the U.S. Holder establishes, if required, that it is exempt from the information reporting rules, for example by properly establishing that it is a corporation. If the U.S. Holder does not establish that it is exempt from these rules, the U.S. Holder may be subject to backup withholding on these payments if it fails to provide a taxpayer identification number or otherwise comply with the backup withholding rules.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

U.S. Holders should consult their advisers regarding any tax reporting or filing requirements they may have as a result of the acquisition, ownership or disposition of the Notes. Failure to comply with certain reporting or filing obligations could result in the imposition of substantial penalties.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement (the "**Programme Agreement**") dated 9 July 2020, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and, subject to the terms of the Programme Agreement, to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing the Notes for its own account or for the account of one or more QIBs and it is aware, and any person on whose account it is acting has been advised, that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States;
- (b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes;
- (c) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (d) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States;
- (e) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (d) above, if then applicable;
- (f) that Notes initially offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and that Notes offered and sold outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (g) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an

interest in a Regulation S Global Note, it will be required to provide to each of the Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;

- (h) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect, subject as provided in Condition 2.5:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OF THE SECURITIES ACT FOR REALES AND OTHER TRANSFERS OF THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (i) if it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable U.S. State securities laws; and it acknowledges that the

Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."; and

- (j) that the Issuer, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Managers or, as the case may be, the relevant Dealer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) nominal amount and no Legended Note will be issued in connection with such a sale in a smaller nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent) of Registered Notes.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year (taking into account any unilateral right to extend or rollover the term) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the "**Code**") and Treasury regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) (the "**D Rules**"), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in

accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);

- (d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either (i) repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c); and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii) or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including the D Rules.

In addition, to the extent that the Final Terms or the subscription agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is TEFRA C, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Notes, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions, or otherwise involve its U.S. office in the offer or sale of such Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder, including TEFRA C.

Until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

Prohibition of Sales to EEA and United Kingdom Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and United Kingdom Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") ; or
 - (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and United Kingdom Retail Investors" as "Not Applicable", in relation to each member state of the EEA and the United Kingdom (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) **Qualified investors**: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) **Fewer than 150 offerees**: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) **Other exempt offers**: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **No deposit-taking**: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes: except on a private placement basis, to persons in the Kingdom of Bahrain who are "**accredited investors**".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more (excluding that person's principal place of residence);
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Sultanate of Oman

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Prospectus has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law SD 80/98 (Article 3), will not be offered or sold as an offer of securities in Oman as contemplated by the Commercial Companies Law) or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and
- (b) the Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 1-104-2019 dated 30 September 2019 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer

appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, sell or deliver at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

UAE (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the DIFC unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules (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 DFSA Conduct of Business Module of the DFSA Rulebook.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong (the "**SFO**")) other than: (i) to "professional investors" as defined in 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 (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes 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 Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia (the "SC") under the Capital Markets and Services Act 2007 of Malaysia (the "CSMA"); and
- (b) accordingly, the Notes have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Notes 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)) and Part 1 of Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CSMA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the SC and/or any other regulatory authority from time to time.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents and agrees that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issuance of Notes thereunder has been duly authorised by the Law No. (4) of 2017 on the Financial System of the Government of Sharjah and the Executive Council's Resolution No. (39) of 2017 Concerning The Executive Regulations of Law No. (4) of 2017 on the Financial System of the Government of Sharjah.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and to trading on the Regulated Market. The approval of the Programme in respect of Notes is expected to be granted on or about 9 July 2020. Prior to the official listing and admission to trading, however, dealings will be permitted.

Application has also been made to the DFSA for the Notes to be admitted to the DFSA Official List and to be admitted to trading on Nasdaq Dubai. An application may be made for any Tranche of Notes to be admitted to trading on Nasdaq Dubai.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). Unlisted Notes may also be issued pursuant to the Programme.

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, International Securities Identification Number (ISIN), the Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

No Significant Change

Save as disclosed in "*Risk Factors - Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme - Risks relating to the Issuer and the UAE - Risks relating to the emergence of the 2019 novel coronavirus COVID-19*", there has been no significant change in the financial performance or financial position of the Issuer and there has been no significant change in tax and budgetary systems, foreign exchange reserves, gross public debt and income and expenditure figures of the Issuer, in each case, since 31 December 2019.

Litigation

The Issuer 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 Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position of the Issuer.

Language of this Base Prospectus

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

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be made available in electronic form for inspection on the website of Euronext Dublin at <https://www.ise.ie/Market-Data-Announcements/Debt/>:

- (a) a copy of this Base Prospectus;
- (b) the Agency Agreement;
- (c) the Deed of Covenant; and
- (d) any future supplements to this Base Prospectus

The applicable Final Terms for Notes that are listed on the: (i) Official List and admitted to trading on the Regulated Market; and (ii) DFSA Official List and admitted to trading on Nasdaq Dubai will be published on the website of Euronext Dublin at <http://www.ise.ie> and the website of Nasdaq Dubai at <http://www.nasdaqdubai.com>.

Issuer's Legal Entity Identifier

The Issuer's Legal Entity Identifier ("LEI") code is 254900ZNL8O3F1CLJO24.

Third-Party Information

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is 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. The source of third party information is identified where used.

Dealer not acting for any prospective or actual holders of Notes

None of the Arranger or the Dealers is acting for any actual or prospective holders of Notes, and are neither advising nor treating as a client any other person and will not be responsible to any actual or prospective holders of Notes and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Base Prospectus and / or the relevant Final Terms or any transaction or arrangement referred to herein or therein. None of the Arranger, the Dealers nor any of their respective affiliates has authorised the content of, or any part of, this Base Prospectus and/or the applicable Final Terms.

Dealers transacting with the Government

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for, the Government of the Emirate of Sharjah and/or the Sharjah Finance Department and/or their affiliates (including any other public sector instrumentality, as defined in the Conditions) in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In particular, certain of the Dealers are lenders to the Government of the Emirate of Sharjah (and/or the Sharjah Finance Department and/or their affiliates (including any other public sector instrumentality)) and proceeds from the issue of the Notes may be used to repay such outstanding loan facilities. In connection with any offering under the Programme the Dealers may purchase and sell Notes in the open market.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Government of the Emirate of Sharjah and/or the Sharjah Finance Department and/or their respective

affiliates (including any other public sector instrumentality and including the Notes). Certain of the Dealers or their affiliates that have a lending relationship with the Government of the Emirate of Sharjah and/or the Sharjah Finance Department and/or their respective affiliates (including any other public sector instrumentality) routinely hedge their credit exposure to the Government of the Emirate of Sharjah and/or the Sharjah Finance Department and/or their respective affiliates (including any other public sector instrumentality) consistent with their customary risk management policies.

Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Issuer's Website

The Issuer's website is <https://www.sfd.gov.ae/>. Unless specifically incorporated by reference into this Base Prospectus, the information contained on this website is not incorporated by reference into, or otherwise included in, this Base Prospectus.

THE ISSUER

Government of the Emirate of Sharjah acting through **Sharjah Finance Department**

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Sharjah

United Arab Emirates

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United Kingdom

REGISTRAR, U.S. PAYING AGENT AND U.S. TRANSFER AGENT

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United States of America

ARRANGER

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DEALERS

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