

SUPPLEMENT NUMBER 1 DATED 14 OCTOBER 2019 TO THE BASE PROSPECTUS DATED 20 MARCH 2019



SHARJAH SUKUK PROGRAMME LIMITED

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

Trust Certificate Issuance Programme

This base prospectus supplement (the "**Supplement**") is supplemental to, forms part of, and must be read and construed in conjunction with, the base prospectus dated 20 March 2019 (the "**Base Prospectus**") prepared by Sharjah Sukuk Programme Limited (in its capacities as issuer of the Trust Certificates (as defined below) and trustee for the Certificateholders (the "**Trustee**")) and the Government of the Emirate of Sharjah acting through the Sharjah Finance Department (the "**Obligor**" or the "**Government**") in connection with its Trust Certificate Issuance Programme (the "**Programme**") for the issuance of trust certificates ("**Trust Certificates**").

Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive.

Each of the Trustee and the Government 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 Supplement has not been approved by the DFSA for the purposes of Articles 14 and 15 of the Markets Law 2012.

The purpose of this Supplement is to: (a) incorporate a "Recent Developments" section in the Base Prospectus to disclose certain material developments in respect of the Government; and (b) update the "No Significant Change" statement. This document constitutes a supplement for the purpose of Article 16 of the Prospectus Directive.

IMPORTANT NOTICES

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

None of the Arrangers, Dealers, the Delegate or the Agents has independently verified the information contained in this Supplement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Supplement or any other information provided by the Trustee or the Government in connection with the Programme.

None of the Arrangers or the Dealers accepts any responsibility for any acts or omissions of the Trustee or the Government or any other person in connection with the Supplement or the issue and offering of Trust Certificates.

To the extent that there is any inconsistency between: (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement; and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Trust Certificates issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

This Supplement does not constitute an offer of, or an invitation by or on behalf of the Trustee, the Government or the Dealers to subscribe for, or purchase, any Trust Certificates.

Copies of this Supplement, the Base Prospectus and the documents incorporated by reference in either: (i) will be available in electronic form on the websites of the Irish Stock Exchange plc trading as Euronext Dublin (www.ise.ie) and Nasdaq Dubai (www.nasdaqdubai.com); and (ii) can be obtained on written request and without charge from the registered office of the Principal Paying Agent as described in the Base Prospectus.

AMENDMENTS OR ADDITIONS TO THE BASE PROSPECTUS

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described below.

RECENT DEVELOPMENTS

The following shall be added as a new section after the final paragraph of the section headed "Indebtedness" on page 76 of the Base Prospectus:

Principal Sectors of the Economy

Sharjah's economy is well diversified without any single sector contributing more than 20 per cent. of GDP in 2018. 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:

	2018	% of total	2017	% of total	2016	% of total
	(AED millions)	%	(AED millions)	%	(AED millions)	%
Agriculture, Forestry and Fishing	1,477	1.5	1,458	1.6	1,395	1.6
Mining and quarrying (includes crude oil and natural gas).....	8,530	8.8	6,287	6.8	5,071	5.7
Manufacturing	16,171	16.6	15,684	16.9	15,154	17.1
Electricity, gas and water supply; waste management activities	3,004	3.1	2,917	3.1	2,775	3.1
Construction	7,540	7.7	7,424	8.0	7,207	8.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	11,317	11.6	11,172	12.1	10,794	12.2
Transportation and storage.....	4,786	4.9	4,576	4.9	4,350	4.9
Accommodation and food services activities	3,293	3.4	3,157	3.4	2,995	3.4
Information and communication	1,036	1.1	994	1.1	977	1.1
Financial and insurance activities	9,935	10.2	9,516	10.3	9,275	10.5
Real estate activities	12,106	12.4	12,018	13.0	11,759	13.3
Professional, scientific and technical activities	5,622	5.8	5,396	5.8	5,264	5.9
Administrative and support service activities	3,550	3.6	3,420	3.7	3,317	3.7
Public administration and defence; compulsory social security.....	4,493	4.6	4,252	4.6	3,883	4.4
Education.....	1,251	1.3	1,171	1.3	1,135	1.3
Human health and social work activities.....	1,158	1.2	1,098	1.2	1,040	1.2
Arts, recreation and other service activities	1,271	1.3	1,230	1.3	1,200	1.4
Activities of households as employers	939	1.0	935	1.0	930	1.1
Total	97,478		92,704		88,521	
Total Non-oil	88,948		86,417		83,451	

Accommodation and Food Service

The accommodation and food service activities sector, which includes restaurants and hotels, contributed 3.4 per cent. of Sharjah's nominal GDP in both 2017 and 2018.

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.

	2013	2014	2015	2016	2017	2018
Rooms	9,178	9,306	9,632	9,602	9,256	9,663
Guests (in thousands).....	1,964	2,016	1,789	1,779	1,780	1,720

Source: Commerce and Tourism Development Authority.

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	2013	2014	2015	2016	2017	2018
All items of consumer price index	98.40	100	103.38	104.23	107.09	111.88
Food and non-alcoholic beverages.....	98.67	100	101.67	102.47	106.26	111.47
Tobacco group	96.61	100	102.09	102.05	120.64	192.21
Clothing and Footwear	97.22	100	102.06	102.40	99.47	100.40
Housing, water, electricity, gas fuel....	99.47	100	105.76	107.89	109.89	107.41
Furniture and furnishing, household appliances and repair.....	94.58	100	101.24	101.41	100.95	106.64
Health	99.94	100	99.91	99.97	99.86	100.54
Transportation	98.92	100	102.63	99.22	103.03	118.35
Telecommunications.....	99.53	100	100.14	99.05	98.81	100.99
Recreation and Culture	98.51	100	101.99	102.58	102.90	106.84
Education.....	95.22	100	104.79	108.83	114.09	119.74
Restaurants and hotels	98.72	100	104.02	105.00	104.72	111.36
Miscellaneous goods and services	96.81	100	101.70	101.93	114.93	120.80

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.

	2013	2014	2015	2016	2017	2018
Sharjah CPI	98.4	100	103.4	104.2	107.1	111.9
Sharjah CPI (percentage change, year on year)	1.2	1.6	3.4	0.8	2.7	4.5
UAE CPI	97.7	100	104.1	105.8	107.8	111.1
UAE CPI (percentage change, year on year)	0.8	2.3	4.1	1.6	1.97	3.1

Base year 2014=100.

Source: Federal Competitiveness and Statistics Authority.

Sharjah International Airport Key Figures

Sharjah International Airport 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 sets out the SIA's key figures:

	2013	2014	2015	2016	2017	2018
Passengers (millions).....	8.5	9.5	10.0	11.0	11.4	12.0
Aircraft Movement	66,247	70,559	71,426	75,967	77,627	81,262
Cargo (tonnes)	295,402	240,000	213,348	180,911	148,312	132,666

Governmental 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.

	2015	2016	2017	2018
	(AED millions)			
Cash Inflows				
Department of Customs	960	1,121	1,123	882
Economic Development Department	620	746	904	862
Sharjah Police	775	805	873	801
Town Planning Department	118	137	163	121
Directorate of Public Works	0	1	1	1
Roads and Transport Authority	394	447	329	547
Sharjah Municipality	0	1,265	1,428	1,319
Other Municipalities	0	58	73	64
Other departmental revenues	307	450	459	557
Oil, gas and LPG	255	153	356	412
Land sales	118	450	1,229	776
Bank tax	83	92	68	52
Shares/Dividends	171	685	50	100
Transfer from GREs, and other revenues	417	977	1,567	2,750
Increase in Social Security Funding	0	0	0	798
Contributions from Federal Government	0	0	0	0
Total Cash Inflows	4,218	7,387	8,622	10,042
Cash Expenditure				
<i>Departmental expenditure</i>				
Police	(969)	(1,035)	(1,165)	(1,316)
Roads and Transport Authority	(331)	(290)	(249)	(252)
Social Services	(251)	(282)	(313)	(515)
Culture and Information	(161)	(147)	(171)	(200)
Media/TV	(273)	(293)	(353)	(414)
Customs	(183)	(204)	(219)	(311)
Sports Council	(217)	(392)	(404)	(463)
Town Planning	(135)	(137)	(159)	(208)
Al Diwan Al Amiri, Sharjah	(135)	(180)	(139)	(175)
Museums	(123)	(134)	(141)	(175)
Economic Development	(107)	(124)	(147)	(201)
Islamic Affairs and Awqaf	(102)	(118)	(124)	(150)
e-Government	(72)	(92)	(90)	(108)
Public Works	(59)	(65)	(74)	(94)
Police Sciences Academy	(76)	(81)	(88)	(101)
Sharjah Municipality	0	(1,010)	(1,043)	(1,256)
Other Municipalities	0	(445)	(558)	(752)
Other departmental expenditures	(926)	(1,034)	(1,428)	(2,008)
Total departmental expenditures	(4,121)	(6,062)	(6,864)	(8,699)
<i>Central expenditure</i>				
Contractor Payments	(1,946)	(2,164)	(2,247)	(2,655)
Debt Interest	(305)	(426)	(609)	(856)
Land Compensation	—	—	—	—
Support to SEWA & Other Entities	(194)	(371)	(1,510)*	(1,760)*
Makrama and other central spending	(1,230)	(1,190)		
Total expenditures	(7,796)	(10,213)	(11,231)	(13,970)

Source: Finance Department.

* These figures relate to "Support to SEWA & Other Entities" and "Makrama and other central spending" as these line items have been merged from 2017 onwards.

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. The below tables set out the Government's overall budget and current budget for each of the years indicated.

Government of Sharjah overall budget 2015 - 2018

	2015	2016	2017	2018
		(AED millions)		
Expenditure	(7,796)	(10,213)	(11,231)	(13,970)
Revenue	4,218	7,387	8,622	10,042
Surplus/(deficit)	(3,578)	(2,826)	(2,609)	(3,928)

Government of Sharjah current budget 2015 - 2018

	2015	2016	2017	2018
		(AED millions)		
Total surplus/(deficit)	(3,578)	(2,826)	(2,609)	(3,928)
Capital and project expenditure	(1,946)	(2,164)	(2,247)	(2,655)
Capital receipts	118	450	1,229	776
Current budget surplus/(deficit)	(1,750)	(1,112)	(1,591)	(2,049)

As illustrated in the table above, the Government incurred a budget deficit of AED 3,928 million for the year ended 31 December 2018, compared to a budget deficit of AED 2,609 million for the year ended 31 December 2017, which represents an increase of AED 1,319 million in budget deficit year-on-year. The main drivers of this increase were increases in the salaries of Government employees and delayed disbursement of VAT receipts from the Federal Government to each Emirate.

Indebtedness

On 3 April 2019, U.S.\$1,000,000,000 3.854 per cent. trust certificates due 2026 were issued by Sharjah Sukuk Programme Limited under the Programme. On 3 April 2019, the Government completed a tender and switch offer pursuant to which an aggregate nominal amount of U.S.\$181,676,000 of trust certificates due 2021 issued by Sharjah Sukuk (2) Limited were repurchased and cancelled.

Ratings

On 18 July 2019, Moody's changed the outlook on the Government's long-term issuer ratings to negative from stable and affirmed the long-term issuer rating at A3.

FINANCIAL AND INSURANCE ACTIVITIES

The fourth paragraph in the subsection entitled "Financial and Insurance Activities" under the section headed "Principal Sectors of the Economy" under the section headed "The Economy of Sharjah" on page 43 of the Base Prospectus shall be replaced with the following at page 43:

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.

REAL ESTATE ACTIVITIES

The final paragraph in the subsection entitled "Real Estate Activities" under the section headed "The Economy of Sharjah" on page 42 of the Base Prospectus shall be replaced with the following at page 42:

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 22.6 billion in 2018, compared to AED 29.7 billion in 2017, AED 24.7 billion in 2016 and AED 22.5 billion in 2015. Most of these transactions were conducted by GCC nationals.

MINING AND QUARRYING

The third paragraph in the subsection entitled "Mining and Quarrying" under the section headed "The Economy of Sharjah" on page 44 of the Base Prospectus shall be replaced with the following at page 44:

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 4.2 million barrels of oil equivalent in 2018, 4.8 million barrels of oil equivalent in 2017, 5.3 million barrels of oil equivalent in 2016 and 6.1 million barrels of oil equivalent in 2015. This declining trend with respect to total hydrocarbon production is expected to continue. 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. In 2016, total hydrocarbon production in Sharjah of 5.3 million barrels of oil equivalent, comprised 28.0 billion cubic feet of natural gas, 79.2 kilotonnes of liquefied petroleum gas and 1.8 million barrels of condensates.

NO SIGNIFICANT CHANGE

The subsection entitled "No Significant Change" under the section headed "General Information" on page 148 of the Base Prospectus shall be replaced with the following at page 148:

There has been no significant change in the tax and budgetary systems, foreign trade and balance of payments and foreign exchange reserves of the Government since 31 December 2017 and there has been no significant change in gross public debt, financial position, prospects and resources and income and expenditure figures of the Government since 31 December 2018. There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since the date of its incorporation.