

## IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. NEITHER THE SECURITIES NOR THE GUARANTEE DESCRIBED IN THE ATTACHED BASE PROSPECTUS HAVE BEEN, NOR WILL BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTIONS, NOR MAY THEY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE ATTACHED BASE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "**ORDER**") OR HIGH NET WORTH ENTITIES AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (EACH SUCH PERSON BEING REFERRED TO AS A "**RELEVANT PERSON**"). THIS COMMUNICATION IS BEING DIRECTED ONLY AT RELEVANT PERSONS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. NO PERSON OTHER THAN A RELEVANT PERSON SHOULD RELY ON IT.

THE ATTACHED BASE PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SECURITIES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR IN THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER REGULATION (EU) 2017/1129 (AS AMENDED, THE "**EU PROSPECTUS REGULATION**") OR SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "**FSMA**"), AS THE CASE MAY BE, FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES. THE ATTACHED BASE PROSPECTUS IS NOT A PROSPECTUS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

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

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

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

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

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

Under no circumstances shall the attached Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached Base Prospectus who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached Base Prospectus as completed by the applicable Final Terms and/or supplement(s) to the attached Base Prospectus (if any). The attached Base Prospectus may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000, as amended, does not apply.

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

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



## DAE FUNDING LLC

(incorporated in the State of Delaware as a limited liability company)

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

**Global Medium Term Note Program**  
unconditionally and irrevocably guaranteed by

## DUBAI AEROSPACE ENTERPRISE (DAE) LTD

(incorporated in the Dubai International Financial Centre as a private company limited by shares)

Under this U.S.\$2,500,000,000 global medium term note program (the "**Program**"), DAE Funding LLC (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Dubai Aerospace Enterprise (DAE) Ltd ("**DAE**" or the "**Guarantor**").

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

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

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

This Base Prospectus has been prepared on the basis that any offer of securities in any member state of the European Economic Area or in the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") or section 86 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**"), as the case may be, from the requirement to publish a prospectus for offers of securities. This Base Prospectus is not a prospectus for the purposes of the EU Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 Regulation (the "**UK Prospectus Regulation**").

This Base Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under Rule 2.6 of the DFSA's Markets Rules (the "**Markets Rules**") and is therefore an Approved Prospectus for the purposes of Article 14 of the DIFC Law No.1 of 2012 (the "**Markets Law**"). Application has also been made to the DFSA for Notes issued under the Program during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to Nasdaq Dubai for such Notes to be admitted 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 admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List. The Program also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer, the Guarantor and the relevant Dealer.

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

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

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

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

Each of Moody's and Fitch is established in the United Kingdom and registered in accordance with Regulation (EC) No. 1060/2009 (as amended, the "EU CRA Regulation") as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation"). Moody's and Fitch are not established in the European Union and have not applied for registration under the EU CRA Regulation. The ratings issued by Moody's and Fitch have been endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, in accordance with the EU CRA Regulation. Each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the European Union and registered under the EU CRA Regulation. As such, each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arrangers and Dealers**

**Goldman Sachs International**

**J.P. Morgan**

**Morgan Stanley**

The date of this Base Prospectus is 7 January 2021

## IMPORTANT NOTICES

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

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

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

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

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

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

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

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

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in the United States or in any jurisdiction, in each case, to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Guarantor, the Arrangers, the Dealers or the Agents 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 Guarantor, the Arrangers, the Dealers or the Agents 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, sale or transfer of Notes in the Dubai International Financial Centre (the "DIFC"), the European Economic Area (the "EEA"), Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, Kuwait, the State of Qatar, Switzerland, the United Arab Emirates (the "UAE") (excluding the DIFC), the United Kingdom and the United States. Please see "*Subscription and Sale and Transfer and Selling Restrictions*".

The 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 should:

- have 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 or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the 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;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They generally purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in an issue of Notes which are complex financial instruments unless it has the expertise (either alone or

with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects of the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

None of the Issuer, the Guarantor, the Arrangers, the Dealers or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable 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.

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

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

#### **U.S. INFORMATION**

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

The Bearer Notes 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 U.S. persons, subject to certain exceptions. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "Code") and the U.S. Treasury regulations promulgated thereunder.

The Registered Notes 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. The Registered Notes may not be offered or sold within the United States, except in transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act and any applicable securities law of any state or other jurisdiction of the United States. Registered Notes may only be offered or sold in the United States, or to the account or benefit of U.S. persons, in private transactions: (i) to persons who are QIBs that are also QPs, in transactions exempt from registration under the Securities Act; (ii) to persons who are Institutional Accredited Investors that are also QPs; or (iii) to persons who are QPs pursuant to any other applicable exemption from registration under the Securities Act. Each subsequent U.S. purchaser of Registered Notes sold in reliance on Rule 144A is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Purchasers of Notes

sold under (ii) above will be required to execute and deliver to HSBC Bank USA, National Association (the "U.S. Registrar") an IAI Investment Letter.

**NEITHER THE NOTES NOR THE GUARANTEE HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY SECURITIES COMMISSION OF ANY STATE IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

Each purchaser or holder of Definitive IAI Registered Notes (as defined herein), Notes represented by a Restricted Global Certificate (as defined herein) 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 "*Summary of Provisions Relating to the Notes while in Global Form*".

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, each of the Issuer and the Guarantor has undertaken in a deed poll dated 7 January 2021 (the "**Deed Poll**") that, for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which it is neither subject to Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting requirements pursuant to Rule 12g3-2(b) under the Exchange Act, it will furnish to each holder or beneficial owner (each a "**Holder**") of such "restricted securities" in connection with any resale thereof and to any prospective purchaser of such "restricted securities" from such Holder, in each case, upon request, of a Holder or prospective purchaser, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act (so long as such requirement is necessary in order to permit holders of Notes to effect resales pursuant to Rule 144A).

#### SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

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

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

In addition, actions in respect of the Notes or the Deed of Guarantee may be brought in the English courts or the courts of the DIFC. Investors may have difficulties in enforcing any arbitration awards against the Issuer or the Guarantor in the courts of the DIFC. Please see "*Risk Factors—Risks Relating to Enforcement*".

#### NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, 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 ("**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.

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



This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no 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 Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

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

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA**

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

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorized financial adviser.

#### **NOTICE TO RESIDENTS OF MALAYSIA**

Any Notes to be issued under the Program may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Notes in Malaysia may be made, directly or indirectly, and this Base Prospectus and any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories of persons set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer or the Guarantor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

#### **NOTICE TO RESIDENTS OF THE STATE OF QATAR**

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

#### **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

##### **PRESENTATION OF FINANCIAL INFORMATION**

##### **Financial statements**

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

- the unaudited condensed consolidated interim financial statements as at and for the nine months ended 30 September 2020, including unaudited comparative financial information for the nine months ended 30 September 2019 (the "**Interim Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2019, including unaudited comparative financial information as at and for the year ended 31 December 2018 (the "**2019 Financial Statements**"); and
- the audited consolidated financial statements as at and for the year ended 31 December 2018, including unaudited comparative financial information as at and for the year ended 31 December 2017 (the "**2018 Financial Statements**" and, together with the 2019 Financial Statements, the "**Annual Financial Statements**").

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

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

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

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

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

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

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

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

### **Significant transaction in 2017**

On 17 August 2017, DAE, indirectly through its subsidiaries, acquired 100 per cent. of AWAS (as defined below), whose primary business was the leasing of commercial aircraft. The fair value of the consideration was U.S.\$2.2 billion. AWAS was fully consolidated with effect from 17 August 2017. The acquisition

resulted in goodwill of U.S.\$45.8 million as at 31 December 2017. Subsequently, goodwill was reduced to U.S.\$44.7 million as at 31 December 2018 following adjustment to consideration.

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

#### **Auditors and unaudited information**

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

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

#### **Certain non-IFRS financial information**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **PRESENTATION OF OTHER INFORMATION**

### **Currencies**

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

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

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

### **Third party and market share data**

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

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

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

### **No incorporation of website information**

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

## Definitions

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

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

## Rounding

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

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

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

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

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

The risks and uncertainties referred to above include:

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

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

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

## STABILIZATION

In connection with the issue of any Tranche, one or more relevant Dealers named as the stabilization manager(s) in the applicable Final Terms (the "**Stabilization Manager(s)**") (or any person acting on behalf of any Stabilization Manager(s)) may 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, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilization action or over-allotment must be conducted by the relevant Stabilization Manager(s) (or persons on behalf of any Stabilization Manager(s)) in accordance with all applicable laws and rules.

### IMPORTANT – EEA RETAIL INVESTORS

If the applicable Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA 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 ("**EEA**"). 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**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), 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 EU 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 has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### IMPORTANT – UK RETAIL INVESTORS

If the applicable Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA<sup>41</sup>. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### EU MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Notes may include a legend entitled "EU 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 the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

## UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Notes may include a legend entitled "UK MiFIR 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 the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

## PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SFA

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) (the "**SFA**").

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



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## OVERVIEW OF THE PROGRAM

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

*Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions Relating to the Notes while in Global Form" shall have the same meanings in this overview.*

<b>Issuer</b> .....	DAE Funding LLC, incorporated in the State of Delaware as a limited liability company. The Issuer's registered office is at c/o The Corporation Service Company, 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19808, and its registered agent at that address is The Corporation Service Company.
<b>Ownership of the Issuer</b> .....	The Issuer has authorized capital of U.S.\$1.00 consisting of 1 unit of limited liability company interest, which has been issued and fully paid up as at the date of this Base Prospectus. Dubai Aerospace Enterprise (DAE) Ltd is the sole member of the Issuer.
<b>Administration of the Issuer</b> .....	Dubai Aerospace Enterprise (DAE) Ltd, as sole member of the Issuer, is responsible for the management of the Issuer's business.
<b>Guarantor</b> .....	Dubai Aerospace Enterprise (DAE) Ltd, incorporated in the DIFC as a private company limited by shares. The Guarantor's registered office is Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates.
<b>Description</b> .....	U.S.\$2,500,000,000 Global Medium Term Note Program.
<b>Size</b> .....	Up to U.S.\$2,500,000,000 (or its equivalent in other currencies) outstanding at any time (the " <b>Program Limit</b> "). The Issuer and the Guarantor may increase the Program Limit in accordance with the terms of the Program Agreement.
<b>Risk Factors</b> .....	<p>There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Program and the Guarantor's ability to fulfil its obligations under the Guarantee.</p> <p>In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program. These include certain risks relating to the structure of a particular Series of Notes and certain market risks. Please see "<i>Risk Factors</i>".</p>
<b>Arrangers</b> .....	Goldman Sachs International, J.P. Morgan Securities plc and Morgan Stanley & Co. International plc.
<b>Dealers</b> .....	Goldman Sachs International, J.P. Morgan Securities plc and Morgan Stanley & Co. International plc and any other Dealer(s) appointed from time to time in accordance with the terms of the Program Agreement (as defined herein) or in relation to a particular Tranche of Notes.

The Issuer may from time to time terminate the appointment of any dealer under the Program or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Program. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Program (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

**Fiscal Agent, Paying Agent,  
Exchange Agent, Calculation  
Agent and Transfer Agent .....**

HSBC Bank plc

**Euro Registrar (in respect of  
Unrestricted Notes, as defined in  
the Agency Agreement) .....**

HSBC Bank plc

**U.S. Registrar (in respect of  
Restricted Notes, as defined in  
the Agency Agreement), U.S.  
Paying Agent (in respect of  
Restricted Notes) and Transfer  
Agent .....**

HSBC Bank USA, National Association

**Method of Issue .....**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**"), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**").

**Issue Price .....**

The Notes may be issued at their principal amount or at a discount or premium to their principal amount.

**Status of the Notes and the  
Guarantee .....**

The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The Notes constitute (subject to Condition 4 (*Negative Pledge*)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application and subject to Condition 4 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer and the Guarantor respectively, present and future.

**Form of the Notes .....**

The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**").

Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if: (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules

(as defined in "*Selling Restrictions*" below), otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for a common depository for one or more clearing systems are referred to as "**Global Certificates**". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate (an "**Unrestricted Global Certificate**").

Registered Notes sold in the United States to QIBs that are also QPs will initially be represented by a Restricted Global Certificate (a "**Restricted Global Certificate**"). Each Restricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Registered Notes sold in the United States are not exchangeable for Bearer Notes.

Registered Notes sold in the United States to Institutional Accredited Investors that are also QPs will initially be represented by an individual definitive Certificate (an "**Individual Certificate**").

Please see "*Terms and Conditions of the Notes*" and "*Summary of Provisions Relating to the Notes while in Global Form*".

<b>Clearing Systems</b> .....	Clearstream Banking S.A. (" <b>Clearstream, Luxembourg</b> ") and Euroclear Bank SA/NV (" <b>Euroclear</b> ") for Bearer Notes, Clearstream, Luxembourg, Euroclear and the Depository Trust Company (" <b>DTC</b> ") for Registered Notes and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent and the relevant Dealer(s). Transfers within and between each of Euroclear or Clearstream, Luxembourg and/or DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system.
<b>Initial Delivery of Notes</b> .....	On or before the issue date for each Tranche, the Global Note representing Bearer Notes (" <b>Global Notes</b> ") or the Global Certificates may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or a custodian for DTC (as applicable). Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Fiscal Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
<b>Currencies</b> .....	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).
<b>Maturities</b> .....	The Notes will have such maturities as may be agreed between the Issuer, the Guarantor and the relevant Dealers, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent

body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

<b>Specified Denomination .....</b>	The Notes will be in such denominations as may be specified in the applicable Final Terms, subject to compliance with then current laws and regulations and the provisions of the following sentence. Notes will have a minimum denomination of €100,000 (or its equivalent in other currencies), and: (i) in the case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; (ii) in the case of any Notes to be sold in the United States to QIBs that are also QPs, the minimum specified denomination shall be U.S.\$200,000 (or its equivalent in other currencies); and (iii) in the case of any Notes to be sold in the United States to Institutional Accredited Investors that are also QPs, the minimum specified denomination shall be U.S.\$500,000 (or its equivalent in other currencies).
<b>Fixed Rate Notes.....</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.
<b>Floating Rate Notes .....</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) 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.; or</li> <li>(ii) by reference to the Reference Rate as adjusted for any applicable margin. If a Benchmark Event occurs in relation to the relevant Reference Rate when any Rate of Interest (or the relevant component thereof) remains to be determined by such Reference Rate, then the provisions set out in Condition 5(g) (<i>Interest and Other Calculations – Benchmark Replacement</i>) shall apply.</li> </ul> <p>Interest periods will be specified in the applicable Final Terms.</p>
<b>Zero Coupon Notes.....</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
<b>Interest Periods and Interest Rates .....</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.
<b>Negative Pledge.....</b>	The Notes will have the benefit of a negative pledge granted by the Guarantor, as described in Condition 4 ( <i>Negative Pledge</i> ).
<b>Redemption .....</b>	Subject to any purchase and cancellation or early redemption or redemption by instalments, the Notes will be redeemed on the Maturity Date at 100 per cent. of their principal amount.

<b>Redemption by Instalments .....</b>	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Optional Redemption .....</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders and, if so, the terms applicable to such redemption.
<b>Early Redemption .....</b>	Except as provided in " <i>Optional Redemption</i> " above, Notes will be redeemable at the option of the Issuer prior to maturity for taxation reasons or pursuant to a clean up call option (see further Condition 6 ( <i>Redemption, Purchase and Options</i> )).
<b>Change of Control .....</b>	If so specified in the applicable Final Terms, each holder will have the right to require the redemption of its Notes if a Change of Control Event occurs (see further Condition 6 ( <i>Redemption, Purchase and Options</i> )).
<b>Withholding Tax .....</b>	All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding, deduction or retention for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld, retained or assessed by, on behalf of, or within a Relevant Taxing Jurisdiction, unless such withholding, deduction or retention is required by law or by the Relevant Taxing Jurisdiction's interpretation or administration thereof. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding, deduction or retention been required, subject to certain customary exceptions (see further Condition 8 ( <i>Taxation</i> )).
<b>Ratings .....</b>	<p>Tranches of Notes will be rated or unrated. Where a tranche of Notes is to be rated, such rating (and the credit rating agency issuing such rating) will be specified in the applicable Final Terms.</p> <p><i>A securities rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating.</i></p>
<b>Governing Law .....</b>	<p>The Notes and the Guarantee, and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.</p> <p>Disputes in respect of the Notes or the Guarantee may be settled under the LCIA Rules in London, England. In addition, actions in respect of the Notes or the Guarantee may be brought in the English courts or the courts of the DIFC.</p>
<b>Waiver of Immunity .....</b>	The Guarantor has agreed that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has irrevocably and

unconditionally waived such immunity in relation to any Proceedings or Disputes to the full extent permitted by the laws of such jurisdiction.

**Listing and Admission to**

**Trading.....**

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

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

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

**Selling Restrictions.....**

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

The Bearer Notes will be issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury Regulation section) (the "**D Rules**") unless: (i) the applicable Final Terms states that Notes are issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury Regulation section) (the "**C Rules**"); or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

**Transfer Restrictions .....**

There are restrictions on the transfer of Definitive IAI Registered Notes (as defined herein), Notes represented by a Restricted Global Certificate or any Notes issued in registered form in exchange or substitution therefor (see further "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*").

**ERISA.....**

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

See "*Certain ERISA and Related Considerations*".

## RISK FACTORS

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

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

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

### **RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRY**

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

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

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

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

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

As a result, many of the Group's customers have experienced and are continuing to experience a significant disruption in revenues which has resulted in a number of adverse impacts on the Group, including a reduction in cash collections, higher trade receivables, lease concessions and rent deferrals. The Group has received a diverse range of requests for support from its customers and the Group has and continues to evaluate these requests on a case-by-case basis. As at 30 September 2020, the Group had concluded deferral relief packages incorporating lease extensions and other lease value enhancements with 21 customers. The total value of these deferral relief packages is U.S.\$155 million, which is equal to 13 per cent. of the Group's lease revenue for the 12 months preceding 30 September 2020. In addition, the Group has entered into various lease amendments principally involving near term relief in exchange for lease extensions and other lease value enhancements with a further 12 customers. The total value of the cash amounts deferred under



these amendments in the nine months ended 30 September 2020 was U.S.\$84 million, which is equal to 7 per cent. of the Group's lease revenue for the 12 months preceding 30 September 2020. The Group's cash flows from operating activities in the nine months ending 30 September 2020 decreased by U.S.\$401.9 million to U.S.\$602.7 million from U.S.\$1,004.6 million in the corresponding period of 2019 due in part to the impact of COVID-19 amongst other factors. The impact on the Group's revenue was more limited, as the Group continued to recognize revenues in accordance with its lease agreements, subject to higher loss allowances.

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

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

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

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

- passenger air travel and cargo demand;
- geopolitical and other events, including war, civil disturbances, acts of terrorism, outbreaks of epidemic diseases, such as the current COVID-19 pandemic, and natural disasters;
- governmental regulation, including regulation of trade, such as the ongoing trade dispute between the United States and China and other developments as a result of the policies of the current U.S. presidential administration or policies pursued in Europe, which could result in the imposition of import and export controls, tariffs and other trade barriers; weakness in the capital and credit markets, availability of credit and fluctuations in interest rates;
- operating costs, availability and price of jet fuel and general economic conditions affecting the Group's lessees' operations;
- airline restructurings and bankruptcies;
- cancellations of orders of aircraft;
- delays in delivery of aircraft by manufacturers;
- manufacturer production levels and technological innovation;
- aircraft and engine models being retired or otherwise made obsolete;
- manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types;
- new-entrant manufacturers producing additional aircraft that compete with existing models;
- accuracy of estimates relating to future supply and demand made by manufacturers and airlines;
- reintroduction into service of aircraft or engines previously in storage;
- airport and air traffic control infrastructure constraints;
- climate change initiatives, technological change, aircraft noise and emissions regulations, aircraft age limits and other factors leading to reduced demand for, early retirement of, or obsolescence of aircraft models; and

- technical issues or problems experienced in aircraft or engine types which impede the operability of the asset by the user.

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

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

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

- the particular maintenance defects, repair costs, operating history and documentary records of the airframe and engines;
- the number of operators using that model of airframe or engine;
- whether an aircraft is subject to a lease and, if so, the terms and conditions of that lease;
- any renegotiation of an existing lease on less favorable terms;
- the age of the aircraft;
- the regulatory authority under which the aircraft is operated;
- mechanics' liens and other encumbrances imposed on the Group's aircraft;
- airworthiness directives and service bulletins applicable to the Group's aircraft;
- safety, noise and emission standards and regulation;
- any tax, customs, regulatory and other legal requirements that must be satisfied when an aircraft is purchased, sold, returned or re-leased;
- the compatibility of the Group's aircraft configurations or specifications with those desired by operators of that model of aircraft;
- oversupply of the specific model of aircraft in the market;
- increased supply of newly manufactured competitive aircraft;
- decreases in the creditworthiness of the Group's lessees; and
- the availability of spare parts.

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

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

The Group bears the risk of re-leasing or selling the aircraft in its fleet both during and at the end of their respective lease terms. As only a portion of an aircraft's value is covered by contractual cash flows from

the lessee at the inception of an operating lease, there is a risk that the Group will not fully realize the residual value of an aircraft at the end of its operating lease. If both demand for aircraft and market lease rental rates decrease and the conditions continue for an extended period, the market value of the Group's aircraft would be adversely affected and this might result in the Group recognizing potentially significant impairment charges which would negatively impact its profitability.

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

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

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

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

As at 30 September 2020, the Group's loans and borrowings (net of debt issuance costs) amounted to U.S.\$7,688.5 million. As this indebtedness becomes due, the Group will be required either (i) to refinance it by entering into new financings, which could result in higher borrowing costs and financings on less favorable terms, or (ii) to repay it using cash on hand or cash from the sale of its assets. In addition, an increase in interest rates under the Group's debt financing facilities would have an adverse effect on its profit and could make certain aircraft leasing contracts unprofitable. For example, a sensitivity analysis in the 2019 Financial Statements indicates that if interest rates on the Group's outstanding debt as at 31 December 2019 had been 1 per cent. higher with all other variables held constant, the Group's post-tax profit for 2019 would have been U.S.\$24.8 million lower, mainly as a result of higher interest expense on floating rate debt, including the effect of the interest rate swaps.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Alternatively, a sustained drop in oil prices and related decline in the price of fuel could prompt airlines to defer orders or delivery dates for newer, more fuel-efficient airframes and aircraft engines, as the urgency

to reduce fuel consumption may be lessened. These actions could reduce or postpone the Group's anticipated revenues and reduce its profitability.

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

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

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

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

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

Further, in the event that a lessee defaults under a lease, there can be no assurance that any security deposit or supplemental maintenance rent provided by the lessee will be sufficient to cover the lessee's outstanding or unpaid lease obligations and maintenance requirements. Some of the Group's leases do not provide for any supplemental maintenance rent to be paid by lessees as security and instead provide for maintenance status adjustment payments to be made at the end of the lease term, in which case the Group takes the credit risk that the lessee will not have adequate funds to meet its financial obligations upon the return of the relevant aircraft. In addition, supplemental maintenance rent or maintenance status adjustment payments may not cover all required maintenance. Further, there can be no assurance that lessees will meet their obligations to pay supplemental maintenance rent or maintenance status adjustment payments or perform required scheduled maintenance. These factors may increase the Group's losses in the event of a lessee default.

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

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

- fail to realize anticipated benefits, such as new customer relationships or cash flow enhancements;
- impair its liquidity by using a significant portion of its available cash or borrowing capacity to finance acquisitions;

- significantly increase its interest expense and financial leverage to the extent that it incurs additional debt to finance acquisitions;
- incur or assume unanticipated liabilities, losses or costs associated with the aircraft that it acquires; or
- incur other significant charges, including asset impairment or restructuring charges.

#### **The Group faces strong competition in all of its business areas**

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

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

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

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

Additionally, even if the Group is able to acquire suitable targets on agreeable terms, the Group may not be able to successfully integrate the acquired entity's operations with those of the Group. Achieving the anticipated benefits of any acquisition will depend in significant part upon whether the Group is able to integrate the acquired businesses in an efficient and effective manner. The Group may not be able to achieve the anticipated operating and cost synergies or long-term strategic benefits of its acquisitions within the anticipated timing or at all. For example, elimination of duplicative costs may not be fully achieved or may take longer than anticipated. In addition, for a potentially substantial period after a significant acquisition, the benefits from the acquisition are likely to be offset by the costs incurred in integrating the businesses and operations. These costs may include costs for:

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

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



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

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

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

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

The Group purchases and then leases commercial aircraft that are currently built by three airframe manufacturers, Airbus, Boeing and ATR. In addition, only a limited number of engine manufacturers produce engines for the types of airframes that the Group purchases. As a result, the Group depends on these manufacturers, particularly Airbus and Boeing, remaining financially stable, producing aircraft and related components that meet the Group's customers' demands, both in type and quantity, and fulfilling their contractual obligations to the Group. Further, competition between the manufacturers for market share is intense and may lead to instances of deep discounting for certain aircraft types that might negatively impact the Group's competitive pricing. Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfil their contractual obligations, the Group may experience:

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

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

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

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

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

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

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

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

Significant new requirements with respect to noise standards, emission standards and other aspects of the Group's aircraft or their operation could cause the value of the Group's aircraft portfolio to decrease. Other laws and regulations may be imposed, from time to time, not only in the jurisdictions in which the aircraft are registered, possibly as part of the airworthiness requirements, but also in other jurisdictions where the aircraft operate. For example, the United States and other jurisdictions have stringent limits on nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines. In addition, European countries generally have more strict environmental regulations and, in particular, the European Parliament has included aviation in the European Emissions Trading Scheme ("ETS"), which regulates greenhouse gas emissions. Compliance with the reporting requirements under the ETS have been temporarily stayed for

flights between the European Economic Area and countries outside the European Economic Area until 31 December 2023. In October 2016, the International Civil Aviation Organization adopted the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), a global market-based scheme aimed at reducing carbon dioxide emission from international aviation that will become mandatory in 2027. At least 77 countries, including the United States, have indicated that they will participate in the voluntary phase-in of CORSIA which begins in 2021, although the United States subsequently indicated that it is reviewing its commitment to CORSIA. Limitations on emissions such as ETS and CORSIA could favor younger, more fuel-efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect the Group's ability to re-lease or otherwise dispose of less efficient aircraft on a timely basis, on favorable terms, or at all. This is an area of law that is rapidly changing and as of yet remains specific to certain jurisdictions. While DAE does not know at this time whether new emissions restrictions will be passed, and if passed what impact they might have on the Group's business, any future emissions limitations could adversely affect the Group.

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

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

In addition, there are certain risks or liabilities that the Group's lessees may face for which insurance coverage may be unavailable or for which the cost to obtain such coverage may be prohibitively expensive. It may be that after certain global events some coverages are restricted or withdrawn, either temporarily or on a long-term basis. For example, following the terrorist attacks of 11 September 2001, non-government aviation insurers significantly reduced the amount of insurance coverage available for claims resulting from acts of terrorism, war, 'dirty bombs', biohazardous materials, electromagnetic pulses or similar events. Accordingly, the Group's lessees' insurance or other coverage may not be sufficient to cover all claims that could be asserted against the Group by third parties arising from the operation of the Group's aircraft by its lessees. In the event the Group is sued and is required to make payments to claimants arising out of the operation of its aircraft by its lessees, the Group will initially rely upon the protection of the relevant lessee's insurance. The Group's own contingent insurance may provide protection, solely for the Group, over and above the relevant lessee's insurance should the relevant lessee's insurance be insufficient. Ultimately there may not be commercially available insurance or the insurances purchased by the lessee and/or the Group may be inadequate, which could result in the Group incurring material liabilities or increased costs, which would negatively affect its profitability.

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

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

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

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

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

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

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

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

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

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

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

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

being subject to various foreign, state and local taxes in such jurisdictions. The Group's leases require its lessees to indemnify it in respect of any such taxes but if such indemnification is not required or if any lessees fail to make such indemnification, the Group's financial condition, cash flow and results of operations could be materially adversely affected if it becomes subject to significant income and other taxes that it is not currently subject to.

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

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

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

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

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

## **RISKS RELATED TO THE REGIONS IN WHICH THE GROUP OPERATES**

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

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

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

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

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

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

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

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

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

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

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

***The Issuer is subject to all the risks which the Guarantor is subject to***

The Issuer is a company with limited liability incorporated under the laws of the State of Delaware and is not authorized to engage in any business activity other than the issuance of Notes under the Program and other borrowing arrangements established from time to time by the Guarantor and other incidental or related activities. The Issuer is not expected to have any income, and payments from the Guarantor and/or from other companies controlled by the Guarantor will be the only material source of funds available to the Issuer to meet the claims of the Noteholders. As a result, the Issuer is subject to all the risks to which the Guarantor and other Group companies are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer.

**RISKS RELATED TO THE NOTES**

***The terms of the Notes may be modified without the consent of all Noteholders***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally. These provisions permit defined majorities to bind all

Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Issuer or, as the case may be, the Guarantor may, without the consent of the Noteholders, make any modification to the Notes, the Deed of Guarantee, the Deed of Covenant, the Deed Poll or the Agency Agreement which is: (i) not prejudicial to the interests of the Noteholders; or (ii) of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on the Noteholders.

In addition, pursuant to Condition 5(g) (*Benchmark Replacement*), certain changes may be made to the interest rate calculation provisions of the Notes without the consent of Noteholders.

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

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

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

***The Notes may be subject to early redemption***

In certain circumstances, the Notes may be subject to early redemption. In the event that the Issuer or the Guarantor would be obliged to pay any additional amounts in respect of any Series of Notes due to certain changes affecting taxation in a Relevant Taxing Jurisdiction as provided or referred to in Condition 8 (*Taxation*) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series of Notes, the Issuer may redeem all but not some only of the outstanding Notes of such Series in accordance with Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*).

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Issuer. The Issuer may be expected to redeem Notes when its cost of borrowing 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. In addition, such optional redemption feature could limit the market value of the Notes prior to or during any period when the Issuer may elect to redeem the Notes as the market value of those Notes generally would not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Notes may also be redeemed prior to the Maturity Date if 75 per cent. or more of the initial aggregate principal amount of the Notes has been redeemed and/or purchased and cancelled at the option of the Issuer, pursuant to Condition 6(g) (*Redemption, Purchase and Options—Clean Up Call Option*).

***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 guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011, as amended (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorized by the United Kingdom Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-UK based, not deemed to be equivalent or recognized or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, 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 EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

As an example of such benchmark reforms, on 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the EU Benchmarks Regulation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across Sterling bond, loan and derivative markets so that SONIA is established as the primary Sterling interest rate benchmark by the end of 2021.

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

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the rate of interest provisions of the Conditions (as further described in Condition 5(g) (*Benchmark Replacement*)) or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.



The Conditions provide for certain fallback arrangements if a Benchmark Event occurs, including the possibility that the interest rate could be set by reference to a successor rate or an alternative reference rate (without a requirement for the consent or approval of Noteholders) and that such successor rate or alternative reference rate may be adjusted (if required) by an Adjustment Spread. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback for a particular Interest Period may result in the interest rate for the last preceding Interest Period being used. The consent or approval of the Noteholders shall not be required in connection with effecting a successor rate or an alternative reference rate (as applicable) and/or (in either case) an Adjustment Spread or any of the other changes set out in Condition 5(g) (*Benchmark Replacement*).

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. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

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

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

***Certain Bearer Notes, the denominations of which involve integral multiples, may be illiquid and difficult to trade***

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Final Terms) plus one or more higher integral multiples of another smaller amount, it is possible that such 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 a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, would need to purchase an additional amount of Notes such that such holder holds an amount equal to at least the minimum Specified Denomination to be able to trade such Notes. Noteholders should be aware that Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

Other than Notes offered and sold in the United States to Institutional Accredited Investors, which will be in definitive form, the Notes of each Series will be represented on issue by one or more Global Notes or Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a custodian for DTC (see further "Summary of Provisions Relating to the Notes while in Global Form"). Except in the circumstances described in each Global Note and Global Certificate, investors in such Global Note or Global Certificate will not be entitled to receive Notes in definitive form. Each of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note or Global Certificate held through it. While the Notes are represented by a Global Note or a Global Certificate, 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 or Global Certificates, 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 or a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Certificate.

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.

***A secondary market may not develop for any Notes and there may be limited liquidity for Noteholders***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. The liquidity of any market for the Notes that may develop depends on a number of factors, including:

- the method of calculating the principal and interest in respect of the Notes of the relevant Series;
- the time remaining to the maturity of the Notes of the relevant Series;
- the outstanding amount of the Notes of the relevant Series;
- the redemption features of the Notes of the relevant Series; and
- the level, direction and volatility of market interest or interest rates generally.

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

***Admission to listing and trading on Nasdaq Dubai cannot be assured***

Application has been made to the DFSA for Notes issued under the Program to be admitted to the DFSA Official List and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai. However, prospective investors should note that there can be no assurance that such admission to listing and trading will occur or, if it occurs, can be maintained. The absence of admission to listing and trading on Nasdaq Dubai stock exchange, or a delisting of the Notes from such market, may have an adverse effect on a Noteholder's ability to hold, or resell, the Notes.

***The Notes may be subject to exchange rate risk and exchange controls***

The Issuer or, as the case may be, the Guarantor will pay principal and any interest due on any 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 which could adversely affect an applicable exchange rate. Neither the Issuer nor the Guarantor has any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. However, fluctuations between currencies in the past are not necessarily indicative of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payment on the Notes; and (iii) 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 well as the availability of a specified foreign currency at the time of any payment of principal or interest on a Note. As a result, investors may receive less interest

or principal than expected, or no interest or principal. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note may not be available at such Note's maturity.

***Credit ratings may not reflect all risks***

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

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Limited information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

***A change of law may materially adversely affect the Notes***

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

**RISKS RELATING TO ENFORCEMENT**

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

The payments under the Notes are dependent upon the Issuer (failing whom, the Guarantor) making payments to investors in the manner contemplated under the Notes and the Guarantee (as applicable). If the Issuer (failing whom, the Guarantor) fails to do so, it may be necessary for an investor to bring an action

against the Issuer or the Guarantor to enforce its obligations and/or to claim damages, as appropriate, which could be both time consuming and costly.

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

#### *Limitations on the enforcement of arbitration awards*

The Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Deed Poll (together, the "**Documents**") and the Notes will be governed by English law and the Guarantor has agreed that any dispute arising from such Documents will, unless the option to litigate is exercised, be referred to arbitration under the LCIA Rules. The seat of such arbitration shall be London, England.

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

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

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

#### *Limitations on the enforcement of foreign judgments*

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

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

As stated above, pursuant to Article 24 of the DIFC Court Law, the DIFC Court of First Instance has jurisdiction to ratify, inter alia, a judgment, order or award of any recognized "foreign court". Whilst there is no clear guidance on what is a "recognized foreign court", the Chief Justice of the DIFC Courts and the Judge in Charge of the U.K. Commercial Court of the Queen's Bench Division, England and Wales (the "**Commercial Court**") have entered into a Memorandum of Guidance (the "**Memorandum of Guidance**") setting out the parties' understanding of the procedures for the enforcement of each party's money judgments in the other party's courts. The Memorandum of Guidance is expressed to have no binding legal effect and

does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC Courts when considering whether to enforce monetary judgments issued by the Commercial Court. The Memorandum of Guidance includes a list of requirements for enforcing a Commercial Court judgment in the DIFC Courts and a non-exhaustive list of grounds upon which the enforcement of such judgments may be challenged in the DIFC Courts. In theory, therefore, an English Court judgment could be enforced within the DIFC against the Guarantor. However, this is relatively untested and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC Court will ratify and enforce an English Court judgment.

#### *General limitations*

A number of provisions of DIFC law are, at this stage, relatively untested. Consequently, it is not clear how such laws and regulations will be interpreted and implemented by the DIFC Courts. Moreover, the Documents may not be enforced in all circumstances in accordance with their terms. For instance, claims may become time-barred or become subject to a counterclaim. These factors create greater judicial uncertainty.

## INFORMATION INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

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

## APPLICABLE FINAL TERMS

**[Prohibition of sales to EEA 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 ("EEA"). 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**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), 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 Regulation 2017/1129 (the "**EU Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[Prohibition of sales to UK 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 United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[EU 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.]

**[UK MiFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A 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).]

Final Terms dated [•]

**DAE FUNDING LLC**

**Legal Entity Identifier (LEI): 635400SZTPQL3Y1P2C76**

**Issue of [Aggregate principal amount of Series] [Title of Notes]  
under the U.S.\$2,500,000,000 Global Medium Term Note Program**

**unconditionally and irrevocably guaranteed by**

**DUBAI AEROSPACE ENTERPRISE (DAE) LTD**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 7 January 2021 [and the supplement(s) to it dated [•]] ([together] the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus. Full information on the Issuer, Dubai Aerospace Enterprise (DAE) Ltd and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus [and this Final Terms] [is][are] available for viewing during normal business hours from the specified office of the Fiscal Agent at [•].]

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

1. Issuer: DAE Funding LLC
2. Guarantor: Dubai Aerospace Enterprise (DAE) Ltd ("**DAE**")
3. (a) Series Number: [•]  
(b) Tranche Number: [•]/[Not Applicable]  
(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]]/[Not Applicable]
4. Specified Currency or Currencies: [•]
5. Aggregate Principal Amount of:  
(a) Series: [•]  
(b) Tranche: [•]/[Not Applicable]
6. Issue Price: [100]/[•] per cent. of the Aggregate Principal Amount [plus accrued interest from [•]]



7. (a) Specified Denominations: [•]
- (b) Calculation Amount: [•]
8. (a) Issue Date: [•]
- (b) Interest Commencement Date: [•]/[Issue Date]/[Not Applicable]
9. Maturity Date: [•]
10. Interest Basis: [[•] per cent. Fixed Rate]  
[[•] +/- [•] per cent. Floating Rate]  
[Zero Coupon]
11. 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 aggregate principal amount]/[Instalment]
12. Change of Interest Basis or Redemption/Payment Basis: [Applicable]/[Not Applicable]
13. Put/Call Options: [Not Applicable]  
[Call Option]  
[Put Option]  
[Change of Control Put Option]  
[Clean Up Call Option]
14. (a) Status of the Notes: Senior
- (b) Status of the Senior Guarantee:
15. (a) Date of Issuer approval for issuance of Notes obtained: [•]
- (b) Date of DAE board approval for issuance of Guarantee obtained: [•]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. 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): [•] [and [•]] in each year [up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s): [•] per Calculation Amount
- (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in]/[on] [•]]/[Not Applicable]
- (e) Day Count Fraction: [30/360]/[360/360]/[Bond Basis]  
[30E/360]/[Eurobond Basis]

[30E/360 (ISDA)]

[Actual/360]

[Actual/365 (Fixed)]

[Actual/365 (Sterling)]

[Actual/Actual (ICMA)]

[Actual/Actual (ISDA)]

(f) Determination Date(s): [[•] in each year]/[Not Applicable]

17. Floating Rate Note Provisions: [Applicable]/[Not Applicable]

(a) Specified Period(s)/Specified Interest Payment Dates: [•] in each year [up to and including the Maturity Date][, subject to adjustment in accordance with the Business Day Convention set out in (c) below]/[not subject to any adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]

(b) Interest Period Date: [•]

(c) Business Day Convention: [Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Not Applicable]

(d) Business Centre(s): [•]

(e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination]/[ISDA Determination]

(f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): [•]

(g) Screen Rate Determination: [Applicable]/[Not Applicable]

(i) Reference Rate and Relevant Financial Centre: [[•] month [EURIBOR]]  
[[•] month [LIBID]]  
[[•] month [[AUD]/[JPY]/[GBP]/[CHF]/[CAD]] [LIBOR]]  
[[•] month [LIMEAN]]  
[[•] month [CNH] [HIBOR]]  
[[•] month [SIBOR]]  
[[•] month [TIBOR]]  
Relevant Financial Centre: [London]/[Brussels]/[•]

(ii) Interest Determination Date(s): [•]

(iii) Relevant Screen Page: [•]

- (iv) Relevant Time: [•]
- (h) ISDA Determination: [Applicable]/[Not Applicable]
  - (i) Floating Rate Option: [•]
  - (ii) Designated Maturity: [•]
  - (iii) Reset Date: [•]
  - (iv) ISDA Benchmarks Supplement: [Applicable]/[Not Applicable]
- (i) Linear Interpolation: [Applicable]/[Not Applicable] – [the Rate of Interest for the [[long]/[short]] [[first]/[last]] Interest Period shall be calculated using Linear Interpolation]
- (j) Margin(s): [•] per cent. per annum
- (k) Minimum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
- (l) Maximum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
- (m) Day Count Fraction: [30/360]/[360/360]/[Bond Basis]  
 [30E/360]/[Eurobond Basis]  
 [30E/360 (ISDA)]  
 [Actual/360]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]
- 18. Zero Coupon Note Provisions: [Applicable]/[Not Applicable]
  - (a) Amortization Yield: [•] per cent. per annum
  - (b) Reference Price: [•]
  - (c) Day Count Fraction in relation to Early Redemption Amounts and late payment: [30/360]/[360/360]/[Bond Basis]  
 [30E/360]/[Eurobond Basis]  
 [30E/360 (ISDA)]  
 [Actual/360]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/Actual (ICMA)]  
 [Actual/Actual (ISDA)]

#### **PROVISIONS RELATING TO REDEMPTION**

- 19. Call Option: [Applicable]/[Not Applicable]
  - (a) Optional Redemption Date(s): [•]

- (b) Optional Redemption Amount: [[•] per Calculation Amount]  
[Condition 6(b) applies]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [[•] per Calculation Amount]/[Not Applicable]
- (ii) Maximum Redemption Amount: [[•] per Calculation Amount]/[Not Applicable]
20. Put Option: [Applicable]/[Not Applicable]
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [[•] per Calculation Amount]  
[Condition 6(b) applies]
21. Change of Control Put Option: [Applicable]/[Not Applicable]
- (a) Change of Control Redemption Amount: [•] per Calculation Amount
22. Clean Up Call Option: [Applicable]/[Not Applicable]
23. Final Redemption Amount: [•] per Calculation Amount
24. Early Redemption Amount payable on redemption for taxation reasons, pursuant to the exercise of the Clean Up Call Option or on event of default or other early redemption: [•] per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25. Form of Notes: [Bearer Notes:]
- [Temporary Global Note exchangeable on and after the Exchange Date for a permanent Global Note which is exchangeable for Definitive Notes [[on [•] days' notice given at any time]/[only upon an Exchange Event]]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [[on [•] days' notice given at any time]/[only upon an Exchange Event]]]
- [Registered Notes:]
- [Unrestricted Global Certificate registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]

[Restricted Global Certificate registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]

[Definitive IAI Registered Notes]

[Reg. S Compliance Category [2]]; [Rule 144A]; [TEFRA C/TEFRA D/TEFRA not applicable]

26. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable]/[•]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes]/[No]
28. Details relating to Instalment Notes: [Applicable]/[Not Applicable]
- (a) Instalment Amount(s): [•]/[Not Applicable]
- (b) Instalment Date(s): [•]/[Not Applicable]

**SIGNED** on behalf of  
**DAE FUNDING LLC**

By: .....  
*Duly authorized*

**SIGNED** on behalf of  
**DUBAI AEROSPACE ENTERPRISE (DAE) LTD**

By: .....  
*Duly authorized*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

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

[Not Applicable]

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

### 2. RATINGS [[•]][The Notes to be issued are unrated.]

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

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

### 4. USE OF PROCEEDS

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

### 5. ESTIMATED NET PROCEEDS

[•]

### 6. YIELD (Fixed Rate Notes only)

[[•] per cent. per annum on a [[quarterly]/[semi-] annual] basis]. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]/[Not Applicable]

### 7. HISTORIC RATES

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

### 8. OPERATIONAL INFORMATION

- (a) ISIN: [•]
- (b) Common Code: [•]
- (c) CUSIP: [•]

- (d) FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
- (e) CFI: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]
- (f) Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[•]
- (g) Delivery: Delivery [against]/[free of] payment
- (h) Names and addresses of additional Paying Agent(s) (if any): [•]/[Not Applicable]
- (i) Name and address of Registrar: [•]
- (j) Stabilization Manager(s): [•]/[Not Applicable]
- (k) Name[s] of Manager[s]: [•]/[Not Applicable]
- (l) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]
- (m) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

## 7. **THIRD PARTY INFORMATION**

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



## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and as modified in accordance with the provisions of Part A the applicable Final Terms, will apply to the Notes in definitive form (if any). Either: (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms; or (ii) these terms and conditions as so completed or modified, shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalized terms that are not defined in these Conditions will have the meanings given to them in the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Program. For so long as the Notes are represented by Global Notes and/or Global Certificates, these Conditions shall be as modified by the terms of the relevant Global Note or Global Certificate. Please see "Summary of Provisions Relating to the Notes while in Global Form".*

The Notes are issued pursuant to an agency agreement dated 7 January 2021 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between DAE Funding LLC (the "**Issuer**"), Dubai Aerospace Enterprise (DAE) Ltd ("**DAE**" or the "**Guarantor**"), HSBC Bank plc as fiscal agent and the other agents named in it and with the benefit of a deed of guarantee dated 7 January 2021 (as amended and/or supplemented and/or restated from time to time, the "**Deed of Guarantee**") and entered into by the Guarantor, a deed of covenant dated 7 January 2021 (as amended and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") and a deed poll dated 7 January 2021 (as amended and/or supplemented and/or restated from time to time, the "**Deed Poll**"), in each case, executed by the Issuer and the Guarantor in relation to the Notes. The fiscal agent, the paying agents, the registrars, the transfer agents, the exchange agent and the calculation agent for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrars**", the "**Transfer Agents**", the "**Exchange Agent**" and the "**Calculation Agent**". The Noteholders, the holders of the Coupons relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, Talons for further Coupons (the "**Couponholders**") and the holders of the Receipts relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them (each capitalized terms as defined below).

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

As used in these Conditions:

"**Coupons**" means the bearer coupons relating to interest-bearing Bearer Notes or, as the context may require, a specific number of them and includes any replacement Coupons issued pursuant to these Conditions;

"**Receipts**" means the receipts for the payment of instalments of principal in respect of a Definitive Note of which the principal is repayable in instalments or, as the context may require, a specific number of them and includes any replacements Receipts issued pursuant to these Conditions; and

"**Talons**" means talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to these Conditions.

Copies of the Agency Agreement, the Deed of Guarantee, the Deed of Covenant and the Deed Poll are available for inspection during normal business hours at the specified office of the Fiscal Agent.

### 1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon, provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and: (a) in case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; (b) in the case

of any Notes to be sold in the United States to QIBs that are also QPs, the minimum specified denomination shall be U.S.\$200,000 (or its equivalent in other currencies); and (c) in the case of any Notes to be sold in the United States to Institutional Accredited Investors that are also QPs, the minimum specified denomination shall be U.S.\$500,000 (or its equivalent in other currencies).

As used in these Conditions:

**"Institutional Accredited Investors"** means persons who are both "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) and institutions;

**"QIBs"** means qualified institutional buyers as defined in Rule 144A under the Securities Act;

**"QPs"** mean qualified purchasers within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940;

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

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

*All Registered Notes shall have the same Specified Denomination.*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or an Instalment Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the relevant register that the Issuer shall procure to be kept by each Registrar in accordance with the provisions of the Agency Agreement (each, a "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalized terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2. **No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the relevant Registrar or the relevant Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless

otherwise agreed by the Issuer), duly completed and executed and any other evidence as the relevant Registrar or the relevant Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the relevant Registrar and the Noteholders. A copy of the current regulations will be made available by the relevant Registrar to any Noteholder upon request.

- (c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes:*** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the relevant Registrar or the relevant Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) ***Delivery of New Certificates:*** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the relevant Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the relevant Registrar (as the case may be).
- (e) ***Transfer Free of Charge:*** Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrars or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the relevant Registrar or the relevant Transfer Agent may require).
- (f) ***Closed Periods:*** No Noteholder may require the transfer of a Registered Note to be registered: (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note; (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d) or Condition 6(g); (iii) after any such Note has been called for redemption; or (iv) during the period of seven days ending on (and including) any Record Date.

### 3. **Guarantee and Status**

- (a) ***Guarantee:*** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes, the Receipts and the Coupons. Its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee.

- (b) **Status of Notes and Guarantee:** The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them and of the Guarantor under the Guarantee shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer and the Guarantor respectively, present and future.

*The Guarantor has unconditionally and irrevocably guaranteed in the Deed of Guarantee that if the Issuer does not pay any sum payable by it under the Deed of Covenant or the Notes by the time, in the currency and on the date specified in the Conditions (whether on the normal due date, on acceleration or otherwise), the Guarantor shall pay to each Holder on demand that sum payable by the Issuer. As between the Guarantor, the Holders and the Relevant Account Holders (as defined in the Deed of Guarantee) but without affecting the Issuer's obligations, the Guarantor shall be liable under the Guarantee as if it were the sole principal debtor and not merely a surety and the Guarantor's obligations shall remain in full force and effect by way of continuing security until no sum remains payable under the Guarantee, the Notes or the Deed of Covenant.*

*The Deed of Guarantee is available for inspection during normal business hours at the specified office of the Fiscal Agent (see "General Information – Documents Available").*

#### 4. **Negative Pledge**

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement), none of the Issuer or the Guarantor will, and the Guarantor shall procure that no Material Subsidiary will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon, or with respect to, the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee of Relevant Indebtedness or Relevant Sukuk Obligation given by it, without: (i) at the same time or prior thereto securing equally and ratably therewith its obligations under the Notes, the Coupons and/or the Guarantee (as applicable); or (ii) providing such security for those obligations as shall be approved by an Extraordinary Resolution of the Noteholders.

In this Condition 4:

- (a) **"Extraordinary Resolution"** has the meaning given to it in the Agency Agreement;
- (b) **"guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):
- (i) any obligation to purchase such Indebtedness;
  - (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
  - (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
  - (iv) any other agreement to be responsible for such Indebtedness;
- (c) **"Indebtedness"** means any indebtedness (other than Non-recourse Indebtedness) of any Person for or in respect of:
- (i) moneys borrowed;
  - (ii) amounts raised by acceptance under any acceptance credit facility;
  - (iii) obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

- (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
  - (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days;
  - (vi) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing; and
  - (vii) (to the extent not included above) any other financing arrangement intended to comply with the principles of *Shari'a*;
- (d) **"Material Subsidiary"** means any Subsidiary whose revenues, profits or assets from time to time represent not less than 25 per cent. of the consolidated revenues, profits or assets of the Guarantor from time to time as shown or as would be shown in the accounts or other financial statements of the Guarantor;
- (e) **"Non-recourse Indebtedness"** means, with respect to any Person, any indebtedness of such Person or its Subsidiaries where the creditor of such indebtedness agreed to limit its recourse only to specific assets the purchase of which was financed or refinanced by such indebtedness and there is no recourse to the assets of such Person generally and that is neither guaranteed by any affiliate (other than a Subsidiary) of such Person or would become the obligation of any affiliate (other than a Subsidiary) of such Person upon a default thereunder, other than (i) customary exclusions contemplating personal liability for fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities, prohibited transfers, violations of single purpose entity covenants and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate guaranty or indemnification agreements in non-recourse financings, and (ii) the existence of a guarantee that does not constitute a guarantee of payment of principal, interest or premium on indebtedness;
- (f) **"Non-recourse Project Financing"** means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that:
  - (i) any Security Interest given by the Issuer, the Guarantor and/or the relevant Material Subsidiary in connection therewith is limited solely to the assets of the project;
  - (ii) the persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for the moneys advanced; and
  - (iii) there is no other recourse to the Issuer, the Guarantor and/or the relevant Material Subsidiary in respect of any default by any person under the financing subject to customary exclusions contemplating personal liability for fraud, misrepresentation, breach of special purpose entity covenants and other circumstances customarily excluded from provisions on limitation on recourse;
- (g) **"Permitted Security Interest"** means:
  - (i) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the relevant Series;
  - (ii) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Noteholders;
  - (iii) any Security Interest securing the Relevant Indebtedness or Relevant Sukuk Obligation of a Person existing at the time that such Person is merged into, or consolidated with, the Issuer, the Guarantor and/or the relevant Material Subsidiary, provided that such Security Interest does not extend to any other

assets or property of the Issuer, the Guarantor or, as the case may be, the relevant Material Subsidiary;

- (iv) any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer, the Guarantor and/or the relevant Material Subsidiary and not created in contemplation of such acquisition;
  - (v) any Security Interest granted to secure a Non-recourse Project Financing or to secure any indebtedness incurred in connection with a Securitization by the Issuer, the Guarantor and/or the relevant Material Subsidiary;
  - (vi) any Security Interest created by, or outstanding in respect of, the Issuer, the Guarantor and/or the relevant Material Subsidiary, provided that the amount of any Relevant Indebtedness or Relevant Sukuk Obligation secured by such Security Interest (when aggregated with the amount (if any) of Relevant Indebtedness or Relevant Sukuk Obligation secured by other Security Interests created by, or outstanding in respect of, the Issuer, the Guarantor and/or the relevant Material Subsidiary (but ignoring for these purposes any Relevant Indebtedness or Relevant Sukuk Obligation secured by any Security Interest under sub-paragraphs (i) to (v) above (inclusive) and paragraph (vii) below)) does not exceed 10 per cent. of the consolidated total assets of the Guarantor as shown in the accounts or financial statements; or
  - (vii) any renewal of or substitution for any Security Interest permitted by any of sub-paragraphs (i) to (vi) (inclusive) of this definition, provided that with respect to any such Security Interest the amount of Relevant Indebtedness or Relevant Sukuk Obligation secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);
- (h) **"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality;
- (i) **"Relevant Indebtedness"** means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock, certificates or other instruments which is, for the time being, quoted or listed (with the consent of the Guarantor) or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, save for any Indebtedness which is directly or indirectly secured by any interest in aircraft or aircraft equipment;
- (j) **"Relevant Sukuk Obligation"** means any Sukuk Obligation, where the trust certificates or instruments, as the case may be, concerned are, for the time being, quoted or listed (with the consent of the Guarantor) or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, save for any Sukuk Obligation which is directly or indirectly secured by any interest in aircraft or aircraft equipment;
- (k) **"Securitization"** means any securitization of existing or future assets and/or revenues, provided that:
- (i) any Security Interest given by the Issuer, the Guarantor and/or the relevant Material Subsidiary in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitization;
  - (ii) each person participating in such securitization expressly agrees to limit its recourse to the assets and/or revenues so securitized as the sole source of repayment for the money advanced or payment of any other liability; and
  - (iii) there is no other recourse to the Issuer, the Guarantor and/or the relevant Material Subsidiary in respect of any default by any person under the securitization;
- (l) **"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws

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

- (m) **"Subsidiary"** means in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract or the power to appoint or remove members of the governing body of the second Person; and
- (n) **"Sukuk Obligation"** means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other instruments intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind.

## 5. **Interest and other Calculations**

- (a) ***Interest on Fixed Rate Notes:*** Each Fixed Rate Note bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) ***Interest on Floating Rate Notes:***
  - (i) ***Interest Payment Dates:*** Each Floating Rate Note bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
  - (ii) ***Business Day Convention:*** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is: (a) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event: (1) such date shall be brought forward to the immediately preceding Business Day; and (2) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment; (b) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day; (c) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or (d) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
  - (iii) ***Rate of Interest for Floating Rate Notes:*** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to any one or more of ISDA Determination, Screen Rate Determination or Linear Interpolation shall apply, depending upon which is specified in the applicable Final Terms.

(a) *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 Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (a), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under a Swap Transaction (as defined in the ISDA Definitions) if the Calculation Agent were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
- (2) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date (as defined in the ISDA Definitions) is either: (x) if the relevant Floating Rate Option is based on LIBOR or EURIBOR for a currency, the first day of that Interest Accrual Period; or (y) in any other case, as specified in the applicable Final Terms.

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

- (1) 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 Accrual Period will, subject as provided below, be either: (x) the offered quotation; or (y) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate 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 as determined by the Calculation Agent. 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.
- (2) If the Relevant Screen Page is not available or, if paragraph (1)(x) above applies and no such offered quotation appears on the Relevant Screen Page, or, if paragraph (1)(y) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the Relevant Time, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.



- (3) If paragraph (2) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the applicable market for the relevant Reference Rate, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the applicable market for the relevant Reference Rate, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) *Linear Interpolation*

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

"**Applicable Maturity**" means: (i) in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and (ii) in relation to ISDA Determination, the Designated Maturity.

- (d) **Zero Coupon Notes:** Where a Note, the Interest Basis of which is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such

Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortization Yield (as described in Condition 6(b)(i)).

- (e) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (f) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified in the applicable Final Terms (either: (1) generally; or (2) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (1), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (2), calculated in accordance with Condition 5(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to paragraph (ii) below.
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions unless otherwise specified: (1) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up); (2) all figures shall be rounded to seven significant figures (with halves being rounded up); and (3) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.
- (g) **Benchmark Replacement:** Notwithstanding any other provisions of Condition 5(b), if the Issuer and the Guarantor determine 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 and the Guarantor shall use their reasonable endeavors to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant 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, if applicable, 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 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(g));

- (iii) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be);
- (iv) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5(g) and the Independent Adviser (following consultation with the Issuer and the Guarantor) determines: (1) 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 (2) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer (failing whom, the Guarantor) and subject to delivery of a notice in accordance with Condition 5(g)(v): (x) the Issuer, the Guarantor and the Agents shall (at the expense of the Issuer (failing whom, the Guarantor)), without a requirement for the consent or approval of Noteholders, vary these Conditions and the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, provided that no Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. Prior to any such Benchmark Amendments taking effect:
  - (A) the Issuer shall provide a certificate signed by a director or a duly Authorized Signatory of the Issuer to the Fiscal Agent; and
  - (B) the Guarantor shall provide a certificate signed by a duly Authorized Signatory of the Guarantor to the Issuer and the Fiscal Agent,

certifying that such Benchmark Amendments are: (x) in the Issuer's or the Guarantor's (as the case may be) reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 5(g); and (y) in each case, have been drafted solely to such effect, and the Issuer and the Fiscal Agent (as the case may be) shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, 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 prejudicial to the interests of any such Noteholders or person;

- (v) the Issuer (failing whom, the Guarantor) 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 and, in accordance with Condition 14, the Noteholders confirming: (1) that a Benchmark Event has occurred; (2) the Successor Rate or Alternative Reference Rate (as applicable); (3) any applicable Adjustment Spread; and (4) the specific terms of the Benchmark Amendments (if any);
- (vi) if, following the occurrence of a Benchmark Event and in relation to the determination of the Reference Rate on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to the above provisions, then the Reference Rate shall be determined as at the last preceding Interest Determination Date or, if there has not been a first Interest Payment Date, the Reference Rate shall be determined as for the first Interest Period (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 Condition 5(g)(vi) 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(g); and

- (vii) the Independent Adviser appointed pursuant to this Condition 5(g) shall act and make all determinations pursuant to this Condition 5(g) in good faith and in a commercially reasonable manner and the Independent Adviser shall act as an expert. In the absence of bad faith, willful default or fraud, the Independent Adviser shall not have any liability whatsoever to the Agents or the Noteholders in connection with any determination made by it pursuant to this Condition 5(g).
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply, save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Change of Control Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Change of Control Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than: (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

(k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

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

- (1) 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;
- (2) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer and the Guarantor) 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;
- (3) (if the Independent Adviser (following consultation with the Issuer and the Guarantor) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer and the Guarantor) determines is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (4) (if the Independent Adviser (following consultation with the Issuer and the Guarantor) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer and the Guarantor) determines (acting in good faith and in a commercially reasonable manner) in its sole discretion to be appropriate;

**"Alternative Reference Rate"** means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer and the Guarantor) determines, in accordance with Condition 5(g), is customarily applied in international debt capital markets transactions for the purposes of determining interest rates (or the relevant component part thereof) in the same Specified Currency as the Notes and of a comparable duration to the relevant Interest Period or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means:

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

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

**"Business Day"** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial center for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **"TARGET Business Day"**); and/or
- (iii) in the case of a currency and/or one or more Business Centers, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centers;

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless: (1) that day is the last day of February; or (2) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless: (1) that day is the last day of February but not the Maturity Date; or (2) such number would be 31, in which case D<sub>2</sub> will be 30;

- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (vi) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (vii) if "**Actual/Actual – ICMA**" is specified in the applicable Final Terms,
  - (1) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and
  - (2) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of: (A) the number of days in such Determination Period; and (B) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of: (A) the number of days in such Determination Period; and (B) the number of Determination Periods normally ending in any year,

where:

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

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and

- (viii) if "**Actual/Actual – ISDA**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of: (1) the actual number of days



in that portion of the Calculation Period falling in a leap year divided by 366; and  
(2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

**"Eurozone"** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

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

**"Independent Adviser"** means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer and the Guarantor at the Issuer's (failing whom, the Guarantor's) expense;

**"Interest Accrual Period"** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

**"Interest Amount"** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

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

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro; or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

**"Interest Period"** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon;

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified in the applicable Final Terms;

**"ISDA Benchmarks Supplement"** means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms)) published by the International Swaps and Derivatives Association, Inc;

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

**"Rate of Interest"** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

**"Reference Banks"** has the meaning given in the applicable Final Terms or, if none, four major banks selected by the Calculation Agent (in consultation with the Issuer and the Guarantor) in the market that is most closely connected with the Reference Rate;

**"Reference Rate"** means:

- (i) Australian dollar LIBOR ("**AUD LIBOR**");
- (ii) Canadian dollar LIBOR ("**CAD LIBOR**");
- (iii) Swiss franc LIBOR ("**CHF LIBOR**");
- (iv) CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- (v) Euro-Zone interbank offered rate ("**EURIBOR**");
- (vi) British pound sterling LIBOR ("**GBP LIBOR**");
- (vii) Hong Kong interbank offered rate ("**HIBOR**");
- (viii) Japanese Yen LIBOR ("**JPY LIBOR**");
- (ix) London interbank bid rate ("**LIBID**");
- (x) London interbank offered rate ("**LIBOR**");
- (xi) London interbank mean rate ("**LIMEAN**");
- (xii) Tokyo interbank offered rate ("**TIBOR**"); and
- (xiii) Singapore interbank offered rate ("**SIBOR**");

**"Relevant Financial Centre"** has the meaning given in the applicable Final Terms;

**"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: (1) the central bank for the currency to which the Reference Rate relates; (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (3) a group of the aforementioned central banks or other supervisory authorities; or (4) the Financial Stability Board or any part thereof;

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information source);

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

**"Specified Currency"** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

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

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

6. **Redemption, Purchase and Options**

(a) ***Redemption by Instalments and Final Redemption:***

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the relevant Instalment Amount specified in the applicable Final Terms. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) ***Early Redemption:***

(i) ***Zero Coupon Notes:***

- (1) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 shall be the Amortized Principal Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Final Terms.
- (2) Subject to the provisions of paragraph (3) below, the "**Amortized Principal Amount**" of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortization Yield (which, if none is shown hereon, shall be such rate as would produce an Amortized Principal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (3) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortized Principal Amount of such Note as defined in paragraph (2) above, except that such paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortized Principal Amount in accordance with this paragraph (3) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Early Redemption Amount specified in the applicable Final Terms.
- (c) ***Redemption for Taxation Reasons***: The Notes may be redeemed at the option of the Issuer or the Guarantor in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b)) (together with interest accrued to the date fixed for redemption), if: (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United States or the Dubai International Financial Center ("**DIFC**"), and in each case, any political subdivision or any authority thereof or therein having power to tax (each, as applicable, a "**Relevant Taxing Jurisdiction**"), or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series; and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than: (A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due; or (B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by an Authorized Signatory of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) ***Redemption at the Option of the Issuer***: If Call Option is specified in the applicable Final Terms, the Issuer or the Guarantor may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices,

subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption.

To exercise the Put Option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the relevant Registrar or the relevant Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the relevant Registrar or the relevant Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

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

If Change of Control Put Option is specified in the applicable Final Terms and a Change of Control Event occurs, and provided that Noteholders elect to redeem their Notes, in whole or in part, during the Change of Control Put Period in accordance with this Condition 6(f), the Issuer shall (unless prior to the giving of the relevant Change of Control Put Option Notice the Issuer has given notice of redemption under Condition 6(c) or 6(d)), redeem such Note on the Put Date at its Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the Put Date.

To exercise the option in this Condition 6(f), the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the relevant Registrar or the relevant Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from any Paying Agent, the relevant Registrar or the relevant Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Any Exercise Notice in respect of the Change of Control Put Option by a Holder of any Notes pursuant to this Condition 6(f) shall be irrevocable.

For the purpose of these Conditions:

- (i) a "**Change of Control Event**" shall occur each time the government of the Emirate of Dubai directly or indirectly ceases to own more than 50 per cent. of the issued share capital of the Guarantor; and
- (ii) "**Put Date**" shall be the date which is 10 Business Days after the expiry of the Change of Control Put Period.

- (g) **Clean Up Call Option:** If the Clean Up Call Option is specified in the applicable Final Terms and 75 per cent. or more of the aggregate principal amount of the Notes then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 6, the Issuer may, at its sole discretion, redeem the Notes in whole but not in part, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the date specified in such notice (the "**Clean Up Call Option Date**")), at their Optional Redemption Amount (which may be the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption.
- (h) **Purchases:** The Issuer, the Guarantor and each of its other Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Such Notes may be reissued, resold or, at the option of the Issuer or the Guarantor, surrendered for cancellation as set out in Condition 6(i).
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of its other Subsidiaries may, at the option of the Issuer or the Guarantor, be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the relevant Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.
- (j) **Compulsory Sale:** If, at any time, the Issuer determines that any beneficial owner of Notes, or any account for which such owner purchased Notes, who is required to be a QIB, Institutional Accredited Investor or QP is not in fact such a QIB, Institutional Accredited Investor or QP, the Issuer may: (i) compel such beneficial owner to sell its Notes to: (1) a person who is not a U.S. person within the meaning of Regulation S under the Securities Act; (2) a person who is a QIB; (3) an Institutional Accredited Investor; or (4) a person who is a QP and who, in each case, is otherwise qualified to purchase such Notes in a transaction exempt from registration under the Securities Act; or (ii) compel such beneficial owner to sell such Notes to the Issuer or an affiliate thereof at a price equal to the least of: (1) the purchase price paid by the beneficial owner for such Notes; (2) 100 per cent. of the principal amount thereof; or (3) the fair market value thereof as determined in good faith by the board of directors of the Issuer. The Issuer has the right to refuse to register or otherwise honor the transfer of interests in such Notes to a person who is not: (x) a QIB; (y) an Institutional Accredited Investor; or (z) a QP.

## 7. **Payments and Talons**

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial center for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
  - (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant

Certificates at the specified office of any of the relevant Transfer Agent or of the relevant Registrar and in the manner provided in paragraph (ii) below.

- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the relevant Registrar or the relevant Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) ***Payments in the United States:*** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if: (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due; (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) ***Payments Subject to Laws:*** 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. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) ***Appointment of Agents:*** The Fiscal Agent, the Paying Agents, the Registrars, the Transfer Agents, the Exchange Agent and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent, the Registrars, the Transfer Agents, the Exchange Agent and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, any Registrar, any Transfer Agent, the Exchange Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain: (i) a Fiscal Agent; (ii) a Registrar in relation to Registered Notes; (iii) a Transfer Agent in relation to Registered Notes and where such Registered Notes are held in global form and are registered in the name of a nominee for The Depository Trust Company, an Exchange Agent; (iv) one or more Calculation Agent(s) where the Conditions so require; (v) Paying Agents having specified offices in at least two major European cities; and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

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

- (f) ***Unmatured Coupons and Receipts and unexchanged Talons:***
  - (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not

being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centers**" hereon and:
  - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial center of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of,



and without withholding, deduction or retention for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld, retained or assessed by, on behalf of, or within a Relevant Taxing Jurisdiction, unless such withholding, deduction or retention is required by law or by the Relevant Taxing Jurisdiction's interpretation or administration thereof. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding, deduction or retention been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection (present or former) with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the ownership or holding of, receipt of a payment on, or exercise of rights under the Notes;
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date, except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day;
- (c) **Failure to provide documentation:** where such taxes or duties would not have been so withheld or deducted but for the failure by the holder or the beneficial owner of the Note to make a declaration of non-residence, provided that at least 90 days prior to the first payment date with respect to which the Issuer or the Guarantor applies this Condition 8(c), the Issuer or the Guarantor has notified the Paying Agent in writing that the holders of Notes will be required to provide such declaration of non-residence;
- (d) **Non-income taxes:** in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;
- (e) **Non-withholding taxes:** where such taxes or duties are not payable by way of withholding, deduction or retention;
- (f) **Payment to person other than sole beneficial owner:** in respect of any payment to a holder of a Note that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Note; or
- (g) **U.S. Withholding taxes:** in the case of a deduction or withholding relating to taxes, duties, assessment or other governmental charges imposed, levied or required by or on behalf of the United States or any political subdivision or taxing authority thereof or therein:
  - (i) where such withholding or deduction would not have been imposed but for a failure of a beneficial owner or any intermediary to provide a valid IRS Form W-8 or W-9 (or successor form) with any applicable attachments upon reasonable request;
  - (ii) in respect of any tax, assessment or other governmental charge imposed as a result of a person's actual or constructive holding of 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote; as the result of the receipt of interest by a bank on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; or where such holder is a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership; or

- (iii) in such other circumstances as may be specified in the applicable Final Terms and the Note.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to: (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amounts, Amortized Principal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it; (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8.

Notwithstanding anything to the contrary in these Terms and Conditions, the Issuer, the Guarantor, a paying agent or any other person shall be permitted to withhold or deduct any amounts required by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, the Guarantor, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA or any intergovernmental agreement to implement FATCA and none of the Issuer, the Guarantor, any paying agent or any other person shall be required to pay any additional amounts with respect to any such withholding or deduction imposed on or with respect to any Note.

#### 9. **Prescription**

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

#### 10. **Events of Default**

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Issuer and the Guarantor, effective as at the date of receipt thereof by the Guarantor, that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

##### (a) ***Issuer Events of Default:***

- (i) ***Non-Payment:*** default is made by the Issuer for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal, as the case may be, in respect of any of the Notes;
- (ii) ***Breach of Other Obligations:*** the Issuer does not perform or comply with any one or more of its covenants or other obligations in respect of the Conditions which failure is incapable of remedy or, such failure (if capable of remedy) is not remedied within 60 days after written notice of such failure shall have been given to the Issuer by any Noteholder requiring the same to be remedied;
- (iii) ***Enforcement Proceedings:*** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the property, assets or revenues of the Issuer and is not discharged or stayed within 60 days;
- (iv) ***Insolvency:*** (i) the Issuer becomes or is declared by a court of competent jurisdiction insolvent or bankrupt or unable to pay its debts as they fall due

proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer;

- (v) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders;
  - (vi) **Authorizations:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Issuer to lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Notes; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Notes admissible in evidence, is not taken, fulfilled or done;
  - (vii) **Repudiation:** the Issuer repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any of its obligations under these Notes;
  - (viii) **Illegality:** it is or becomes unlawful for the Issuer to perform or comply with any one or more of its respective material obligations under any of the Notes; or
  - (ix) **Analogous Events:** any event occurs which under the laws of the State of Delaware has an analogous effect to any of the events referred to in Conditions 10(a)(iii) to 10(a)(v) (inclusive) above.
- (b) **Guarantor Events of Default:**
- (i) **Non-Payment:** default is made by the Guarantor for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal, as the case may be, in respect of any of the Notes;
  - (ii) **Breach of Other Obligations:** the Guarantor does not perform or comply with any one or more of its covenants or other obligations in respect of the Conditions or the Deed of Guarantee, which failure is incapable of remedy or, such failure (if capable of remedy) is not remedied within the period of 60 days after written notice of such failure shall have been given to the Guarantor by any Noteholder requiring the same to be remedied;
  - (iii) **Cross-default of Guarantor or any Material Subsidiary:**
    - (A) any Indebtedness (as defined in Condition 4(c)) (other than any inter-Group indebtedness) of the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period;
    - (B) any such Indebtedness (other than any inter-Group indebtedness) of the Guarantor becomes due and payable prior to its stated maturity by reason of default (however described) by the Guarantor;
    - (C) the Guarantor fails to pay when due any amount payable by it under any guarantee (as defined in Condition 4(b)) by the Guarantor of any Indebtedness (other than any inter-Group indebtedness) within any originally applicable grace period; or
    - (D) any of the matters referred to in sub-paragraphs (A) to (C) (inclusive) above apply to a Material Subsidiary (as defined in Condition 4(d))

(rather than the Guarantor itself) and the same remain unpaid or unsatisfied for a period of 14 days thereafter,

provided that the amount of Indebtedness referred to in sub-paragraphs (A), (B) and (C) above, and/or the amount payable under any guarantee referred to in sub-paragraph (C) above, either alone or when aggregated with all other relevant Indebtedness in respect of which one or more of the events described above shall have occurred and is continuing, exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies);

- (iv) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of an amount which in the aggregate exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Guarantor or any of its Material Subsidiaries and continue(s) unsatisfied, unstayed and unappealed (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days) for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment;
- (v) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed in respect of the whole or a substantial part of the undertaking, assets and revenues of the Guarantor or any of its Material Subsidiaries which is not discharged, dismissed or withdrawn within 60 days;
- (vi) **Insolvency, etc.:**
  - (A) the Guarantor becomes (or is declared by a court of competent jurisdiction to be) insolvent or is unable to pay its debts as they fall due;
  - (B) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Guarantor is appointed (or application for any such appointment is made) and in any case (other than the appointment of an administrator) is not discharged within 60 days;
  - (C) the Guarantor makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) in respect of any of its Indebtedness or any guarantee (as defined in Condition 4(b)) of any Indebtedness given by it (otherwise than, for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent);
  - (D) the Guarantor ceases to carry on all or substantially the whole of its business (otherwise than, for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent);
  - (E) if any event occurs which under the laws of the DIFC has an analogous effect to any of the events referred to in sub-paragraphs (A) to (D) (inclusive) above (each such event in such paragraphs (A) to (E) being "Insolvency Events");
  - (F) any Insolvency Event happens or applies to any Material Subsidiary and such Insolvency Event is continuing for a period of 30 days thereafter;
- (vii) **Winding-up, etc.:** an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Guarantor or any of its Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganization or restructuring whilst solvent);
- (viii) **Illegality:** it is or becomes unlawful for the Guarantor to perform or comply with any one or more of its material obligations under any of the Notes or the Deed of Guarantee; or

- (ix) **Repudiation:** the Guarantor repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any of its obligations under any of the Notes or the Deed of Guarantee.

## 11. Meetings of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of proposals (each a "**Reserved Matter**"): (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes; (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes; (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes (other than as provided for in these Conditions); (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum; (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Change of Control Redemption Amount, including the method of calculating the Amortized Principal Amount; (vi) to vary the currency or currencies of payment or denomination of the Notes; (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution; (viii) to modify or cancel the Guarantee; or (ix) to amend this definition, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting, not less than one-third in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

- (b) **Modification:** The Issuer or, as the case may be, the Guarantor may, without the consent of the Noteholders or Couponholders, make any modification to the Notes, the Receipts, the Coupons, the Deed of Guarantee, the Deed of Covenant, the Deed Poll or the Agency Agreement which is:
  - (i) not materially prejudicial to the interests of the Noteholders; or
  - (ii) of a formal, minor or technical nature or is made to correct a manifest or proven error,

provided that such modification is, in the case of (i), other than in respect of a Reserved Matter.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In addition, pursuant to Condition 5(g), certain changes may be made to the interest calculation provisions of the Notes without the consent of the Noteholders.

- (c) **Substitution:** The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the "**Substitute**") that is the Guarantor, or a Subsidiary of the Guarantor, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Substitution Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 9, and may take place only if: (i) the Substitute shall, by means of the Substitution Deed Poll, agree to indemnify each Agent, Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution; (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Substitution Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Substitution Deed Poll; (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Substitution Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect; (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England and in the country of incorporation of the Substitute as to the fulfilment of the preceding conditions of this Condition 11(c) and the other matters specified in the Substitution Deed Poll; and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution of the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Substitution Deed Poll, and, where the Substitution Deed Poll contains a guarantee, references to the Guarantee shall be deemed to include the guarantee granted in respect of the Substitute.

## 12. **Replacement of Notes, Certificates, Receipts, Coupons and Talons**

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

13. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as a particular series of Notes (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the series of Notes) and so that the same shall be consolidated and form a single series with such Notes. References in these Conditions to "**Notes**" shall be construed accordingly. If either the original Notes or such further notes were issued in compliance with Rule 144A and such further notes are not fungible with the original Notes for U.S. federal income tax purposes, then such further notes shall be issued with a separate ISIN, CUSIP or other identifying number.

14. **Notices**

Notices to the holders of Registered Notes shall be mailed to them (or, in the case of joint holders, to the first named) at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. The Issuer shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which Notes are for the time being, or by which they have for the time being been, admitted to trading.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 14.

15. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16. **Governing Law and Dispute Resolution**

- (a) **Governing Law:** The Deed of Guarantee, the Deed of Covenant, the Deed Poll, the Agency Agreement, the Notes, the Receipts, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with the same, shall be governed by, and construed in accordance with, English law.
- (b) **Arbitration:** Subject to Condition 16(c), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, the Receipts, the Coupons and/or the Talons (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 16(b). For these purposes:
  - (i) the seat of arbitration shall be London, England;
  - (ii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. In the event that one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the

LCIA. In the event that the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

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

(c) **Option to Litigate:** Notwithstanding Condition 16(b), any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer or the Guarantor:

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

(ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 16(d) and, subject as provided below, any arbitration commenced under Condition 16(b) in respect of that Dispute will be terminated. Each of the parties to the terminated Dispute will bear its own costs in relation thereto.

(d) **Effect of exercise of option to litigate:** In the event that a notice pursuant to Condition 16(c) is issued, the following provisions shall apply:

(i) subject to paragraph (iii) below, the courts of the DIFC or England, at the option of the relevant Noteholder, shall have exclusive jurisdiction to settle any Dispute and each of the Issuer and the Guarantor submits to the exclusive jurisdiction of such courts;

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

(iii) this Condition 16(d) is for the benefit of the Noteholders only. As a result, and notwithstanding paragraphs (i) and (ii) above, to the extent allowed by law, the Noteholders may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

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

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

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

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

(f) **Service of process:** Each of the Issuer and the Guarantor irrevocably appoints Cogency Global (UK) Limited at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX, United Kingdom to receive for it, and on its behalf, service of process in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or the Guarantor, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent, and shall immediately notify the other party



of such appointment. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

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

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (as defined below).

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any nominee of a Common Depositary for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of Cede & Co. as nominee for DTC and delivery of the relevant Global Certificate to the Fiscal Agent as Custodian for DTC, DTC will credit each participant with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### Exchange

#### *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see further "*Overview of the Program – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; or
- (ii) in whole or in part and upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, for interests in a permanent Global Note of the same Series (exchangeable for Definitive Notes in the circumstances set out in "*Permanent Global Notes*" below),

in each case, in accordance with the applicable Final Terms.

The option for temporary Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 25 (*Form of Notes*) in Part A of the applicable Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which

have such denominations if such Notes are to be represented on issue by a temporary Global Note exchangeable for Definitive Notes.

### ***Permanent Global Notes***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*" below, in part for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the applicable Final Terms; or
- (ii) upon the occurrence of an Exchange Event,

in each case, in accordance with the applicable Final Terms.

For these purposes, "**Exchange Event**" means: (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, that any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; (b) if principal in respect of any Notes is not paid when due, the holder giving notice to the Fiscal Agent of its election for such exchange; or (c) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Definitive Notes.

The option for permanent Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 25 (*Form of Notes*) in Part A of the applicable Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a permanent Global Note exchangeable for Definitive Notes.

### ***Global Certificates***

#### ***Unrestricted Global Certificates***

If the applicable Final Terms state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system while they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (*No Exchange of Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made in whole but not in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraphs (i) or (ii) above, the registered holder has given the relevant Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

#### ***Restricted Global Certificates***

If the applicable Final Terms state that the Registered Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system while they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the

holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) (*No Exchange of Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made:

- (i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) in whole or in part, with the Issuer's consent,

provided that, in the case of any transfer pursuant to paragraph (i) above, the relevant registered holder has given the relevant Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

#### ***Partial exchange of Permanent Global Notes***

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

#### ***Delivery of Notes***

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will: (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange; or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions.

In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

#### ***Exchange Date***

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

#### ***Amendments to Conditions***

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions:

### ***Payments***

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**business day**" set out in Condition 7(h) (*Payments and Talons – Non-Business Days*).

### ***Payment Record Date***

Each payment in respect of the Global Certificates will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificates are being held is open for business.

### ***Prescription***

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*)).

### ***Meetings***

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

### ***Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note or its presentation to or to the order of the Fiscal Agent for endorsement in the relevant schedule of such permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Global Certificates in the register of the Noteholders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

### ***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### ***Issuer's option***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in

respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (as the case may be).

#### ***Noteholders' options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

#### ***Events of Default***

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 (*Events of Default*) by stating in the notice to the Fiscal Agent the principal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer and the Guarantor under the terms of the Deed of Covenant executed as a deed by the Issuer and the Guarantor to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favor of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the relevant Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### ***Notices***

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

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the Group for its general corporate purposes or as otherwise described in the applicable Final Terms.

## CAPITALIZATION

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

	As at 30 September 2020
	(U.S.\$ thousand)
Unrestricted cash.....	480,918
Non-recourse obligations.....	157,895
Recourse obligations (including ECA, EXIM and EDC).....	2,575,717
Unsecured facilities (including term loans).....	1,258,484
Senior unsecured notes .....	2,221,623
Revolving credit facilities (drawn amount) <sup>(1)</sup> .....	1,357,603
Secured term loan .....	187,496
<b>Total debt</b> <sup>(2)</sup> .....	<b>7,758,818</b>
Total equity <sup>(3)</sup> .....	2,919,219
<b>Total capitalization</b> <sup>(4)(5)</sup> .....	<b>10,678,037</b>

Notes:

- (1) As at 30 September 2020, the Group had U.S.\$1,649 million of availability under its undrawn revolving credit facilities.
- (2) Total debt is presented gross of capitalized issuance and other costs.
- (3) In December 2020, DAE repurchased outstanding common shares of U.S.\$ 100.0 million.
- (4) Total capitalization comprises total debt and total equity.
- (5) In November 2020, the Group issued U.S.\$750 million of 3.75 per cent. trust certificates due 2026, with DAE as obligor.



## SELECTED FINANCIAL INFORMATION

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

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

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

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

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

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

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

## CERTAIN RATIOS

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

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

Notes:

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

## ADJUSTED EBITDA

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

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

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

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

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

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

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

### OVERVIEW

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

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

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

### Aircraft leasing division (DAE Capital)

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

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

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

## **DAE Engineering (Joramco)**

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

### **FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS**

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

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

### **FACTORS AFFECTING COMPARABILITY OF THE GROUP'S RESULTS**

#### **Impact of COVID-19**

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

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

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



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

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

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

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

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

### **Preparation of financial statements under IFRS**

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

- under IFRS, an impairment is recognized if an asset's book value exceeds its recoverable amount. The recoverable amount is the higher of the value in use (discounted cash flows from the asset) and the market value of the asset; and

- under U.S. GAAP, an impairment is recognized if an asset's book value exceeds the undiscounted cash flows of the asset. The impairment loss is calculated based on the difference between the carrying value and the market value of an asset.

This difference may make the Group's results and financial position less comparable with those of other aircraft lessors whose publicly available financial information is prepared under U.S. GAAP.

#### Impact of impairments

In accordance with IAS 36, aircraft that are to be held and used are reviewed for impairment whenever events or changes in circumstance indicate that the carrying value of the aircraft may not be recoverable. An impairment review involves consideration of estimates about the expected useful lives, the fair value of attached leases, acquired maintenance liabilities and estimated residual values. The continuing impact of these non-cash impairment charges is to reduce the Group's asset values, and therefore lead to lower depreciation charges in subsequent periods.

#### Impact of net finance costs

Finance expenses are an important component of costs as the Group utilizes a significant amount of debt financing in its business. The Group's financing costs vary widely based upon its level of borrowings from external parties and from its shareholders, and also based upon the interest rates at the time the Group incurs debt or enters into interest rate derivative transactions.

The Group's net finance costs were U.S.\$253.9 million in the nine months ended 30 September 2020, U.S.\$285.0 million in the nine months ended 30 September 2019, U.S.\$372.3 million in 2019, U.S.\$355.1 million in 2018 and U.S.\$199.2 million in 2017.

#### Impact of maintenance

The consolidated statement of profit or loss and other comprehensive income impact of maintenance revenue and expenses fluctuates from year to year due to the fact that these amounts are driven by events such as costs associated with the unscheduled redelivery of aircraft and the sale of aircraft. The Group derecognizes amounts not expected to be refunded during the lease and records them in lease revenue when there is reliable information that the lessee will not require reimbursement of maintenance advances based on a maintenance forecasting model.

The Group's maintenance revenue and expenses were U.S.\$39.3 million and U.S.\$13.9 million, respectively, in the nine months ended 30 September 2020, U.S.\$49.4 million and U.S.\$6.6 million, respectively, in the nine months ended 30 September 2019, U.S.\$68.3 million and U.S.\$11.0 million, respectively, in 2019, U.S.\$20.7 million and U.S.\$6.5 million, respectively, in 2018 and U.S.\$36.4 million and U.S.\$18.0 million, respectively, in 2017.

#### Impact of aircraft disposals

The consolidated statement of profit or loss and other comprehensive income impact of the sales of aircraft by the Group fluctuates from year to year due to the fact that these amounts are driven by both the number of aircraft sold in each period and the price achieved for the sales.

The Group sold 10 and 19 aircraft in the nine months ended 30 September 2020 and 2019, respectively, and sold 34, 26 and 25 aircraft in 2019, 2018 and 2017, respectively. The Group's gain or loss on the disposal of aircraft was a gain of U.S.\$9.9 million in the nine months ended 30 September 2020, a gain of U.S.\$32.3 million in the nine months ended 30 September 2019, a gain of U.S.\$84.7 million in 2019, a gain of U.S.\$52.1 million in 2018 and a loss of U.S.\$14.9 million in 2017.

#### Impact of the acquisition of AWAS in 2017

The Group acquired AWAS on 17 August 2017 and AWAS was fully consolidated from that date. The revenue included in the Group's statement of profit or loss and other comprehensive income contributed by AWAS from 17 August 2017 to 31 December 2017 was U.S.\$341.6 million. AWAS contributed net income of U.S.\$100.1 million over the same period. The costs related to the acquisition of AWAS amounted to U.S.\$17.0 million and were included in legal and professional fees within general and administrative

expenses in the consolidated statement of comprehensive income and in operating cash flows in the statement of cash flows for the year ended 31 December 2017.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

This discussion and analysis of the Group's financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with IFRS as issued by the IASB and require the Group to make estimates and assumptions that affect the amounts reported in the Financial Statements. The use of estimates is, or could be, a significant factor affecting the reported carrying values of property, plant and equipment, trade receivables, notes receivable, deferred tax assets, accruals and reserves. The Group's estimates and assumptions are based on historical experiences and currently available information. The Group uses professional appraisers and valuation experts, where possible, to support its estimates, particularly with respect to aircraft and engines. Despite the Group's best efforts, actual results may differ from its estimates under different conditions, sometimes materially.

A summary of the Group's significant accounting policies is presented in Note 2 to the 2019 Financial Statements. The critical accounting policies and estimates discussed below are those that are both most important to the portrayal of the Group's financial condition and results of operations and require the most subjective judgments, estimates and assumptions. The application of those critical accounting policies and estimates involves a high degree of judgment.

### **Revenue recognition**

In general, the Group's operating lease rentals are recognized on a straight-line basis over the term of the lease. The Group will neither recognize revenue nor record a receivable from a customer when collectability is not reasonably assured. The Group's management determines whether customers should be placed on a non-accrual status based on factors such as the lessee's credit rating, payment performance, financial condition and requests for modifications of lease terms and conditions as well as security received from the lessee in the form of guarantees and/or letters of credit. Once a customer is on non-accrual status, revenue is recognized when cash payments are received. Estimating whether collectability is reasonably assured requires some level of subjectivity and judgment as it is based primarily on the extent to which amounts outstanding exceed the value of security held, the financial strength and condition of the lessee and the current economic conditions of the lessee's operating environment.

In certain contracts, the lessee is required to re-deliver the aircraft in a specified maintenance condition (normal wear and tear excepted), with reference to major life-limited components of the aircraft. To the extent that such components are re-delivered in a different condition than specified, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. Amounts received as part of these re-delivery adjustments are recorded as maintenance income within lease rental income at lease termination.

The Group also recognizes maintenance reserves that are not expected to be reimbursed to lessees, as lease revenue, during the lease term when the Group has reliable information that the lessee will not require reimbursements of additional rentals based on a maintenance forecasting model. Where amounts not expected to be reimbursed are not certain revenue is recognized at the end of the lease.

Revenue from the provision of engineering maintenance services is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work completed.

Interest income is recognized as the interest accrues using the effective interest rate method.

### **Aircraft held for lease**

Aircraft held for lease are stated at cost net of accumulated depreciation and impairment losses, if any. Aircraft held for lease are depreciated using the straight-line method over useful lives of up to 30 years from the date of manufacture to estimated residual values which do not exceed 15 per cent. of the aircraft's cost. Management reviews the residual value and useful lives annually and if either of these estimates is adjusted, the future depreciation charge is also adjusted. The carrying value of an aircraft held for lease is the original cost of the aircraft, including purchase expenses, adjusted for subsequent capitalized improvements, depreciation and impairments.

Maintenance right assets are presented as a component of aircraft held for lease and represent the value of the difference between the contractual right under the acquired leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition.

The maintenance right asset is amortized over the remaining useful life of the aircraft. Once the related maintenance work is performed, the unamortized amount is then capitalized on to the aircraft. If the work is not performed, the amount is disposed of and any related maintenance reserves will be utilized against the amount recorded in the consolidated statement of profit or loss and other comprehensive income.

Major improvements which may be performed by the Group pursuant to a lease agreement are accounted for as lease incentives as part of other assets and are amortized against revenue over the term of the lease, assuming no lease renewals. Lessee specific modifications to an aircraft are capitalized and also amortized against revenue over the term of the lease. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to be compliant with return conditions of flight equipment at lease termination.

Major improvements and modifications incurred for an aircraft that is off-lease are capitalized and depreciated over the remaining life of the aircraft held for lease when these increase the future economic benefit of the related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition, the Group evaluates whether the lease acquired with the aircraft is at fair market value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognized when it is determined that the acquired lease's terms are above market value; lease discounts are recognized when it is determined that the acquired lease's terms are below fair market value. Lease premiums and discounts are capitalized as a component of the aircraft held-for-lease and are amortized as rental revenue on a straight-line basis over the lease term.

Expenditures incurred to transition an aircraft from one lessee to another due to either lease termination or bankruptcies are expensed as aircraft maintenance costs.

## **Taxation**

### ***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside consolidated statement of profit or loss and other comprehensive income is recognized outside the consolidated statement of profit or loss and other comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances changed. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

### **Recent accounting pronouncements**

A number of new standards, amendments to standards and interpretations that have been published are effective for future reporting periods, and have not been applied in preparing the Group's Financial Statements:

- IFRS 17 Insurance contracts (effective on or after 1 January 2021).
- Amendments to IFRS 3 definition of a business.
- Amendments to IAS 1 and IAS 8 on the definition of material.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform.

These are all effective for annual periods beginning on or after 1 January 2020 (unless otherwise noted). The Group has taken the decision not to adopt these standards early. The extent of the impact for future accounting periods is still under review by the Group, however the impact is not expected to be material.

## **KEY METRICS**

### **Total income**

The Group's total revenue consists primarily of lease rental income (which is derived from aircraft lease rentals), provision of engineering maintenance services (derived from Joramco and recognized in proportion to the stage of completion of the transaction at the reporting date) and other income.

### **Lease rental income**

The Group's aircraft are subject to net operating leases where the lessee pays lease rentals and is responsible for maintaining the aircraft and paying operational, maintenance and insurance costs. The Group's lease revenue is highly correlated with the volume of aircraft capitalized on its statement of financial position.

Because the terms of the Group's leases are generally for multiple years and have staggered expiration dates, there are lags between changes in market conditions and their impact on the Group's results, as contracts remain in effect that do not yet reflect current market lease rates. Therefore, current market conditions may not be fully reflected in current results. Lease payments are generally due in advance and the Group recognizes lease revenue only to the extent collection is reasonably assured.

Lease rental revenue from the Group's top five lessees represented 33.1 per cent., 28.3 per cent., 28.7 per cent., 28.0 per cent. and 46.0 per cent., respectively, of the Group's total revenue for each of the nine-month periods ended 30 September 2020 and 30 September 2019 and for each of 2019, 2018 and 2017.

The table below shows the distribution of lease revenue by location of each airline's principal place of business.

	Nine months ended 30 September		Year ended 31 December		
	2020	2019	2019	2018	2017
			(per cent.)		
Middle East and Africa .....	43	42	41	35	39
Asia Pacific .....	29	27	28	33	33
Europe .....	14	17	17	18	14
Americas .....	14	14	14	14	14
<b>Total.....</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Expenses

The Group's primary expenses consist of depreciation and amortization, general and administrative expenses, costs of providing engineering maintenance services (which represents Joramco's operating costs which are recognized in proportion to the stage of completion of the transaction at the reporting date) and aircraft maintenance expense. With effect from 1 January 2020, the Group has also recorded its loss allowance for financial assets as a separate item of expense. This was previously recorded under lease rental income.

### *Depreciation and amortization*

The Group's depreciation charge is principally driven by its aircraft held for lease. The Group's depreciation and amortization policy is described under "*Critical accounting policies and estimates— Aircraft held for lease*" above.

### *General and administrative expenses*

The Group's principal general and administrative expenses comprise compensation and benefits expenses for its staff, legal and professional expenses and office and travel expenses. The level of the Group's general and administrative expenses is influenced primarily by the number of employees and the extent of transactions or ventures that the Group pursues that require the assistance of outside professionals or advisors.

### Finance costs

Finance costs arise from the aircraft debt financing and related derivative instruments described in "*Description of other indebtedness*". As at 30 September 2020, the Group had total outstanding loans and borrowings (net of debt issuance costs) of U.S.\$7,688.5 million with a weighted average interest rate of 4.0 per cent. (not including the effect of upfront fees, undrawn fees, issuance cost amortization or fair value gains/losses on derivative financial instruments) and a weighted average remaining maturity of 4.2 years. As at 30 September 2020, 67 per cent. of the Group's total outstanding loans and borrowings (net of debt issuance costs) was fixed rate debt. The Group's interest expense in any period is primarily affected by contracted interest rates and the principal amounts of indebtedness.

### The Group's fleet

The table below shows the Group's fleet as at 30 September in each of 2020 and 2019.

	As at 30 September	
	2020	2019
Owned Portfolio ( <i>number of aircraft</i> ) .....	284	301
Managed Portfolio ( <i>number of aircraft</i> ) .....	71	51
Weighted average age ( <i>years</i> ) (Owned Portfolio) <sup>(1)</sup> .....	6.4	6.1
Weighted average remaining lease term ( <i>years</i> ) (Owned Portfolio) <sup>(1)</sup> .....	6.4	6.3
Net book value of aircraft held for lease ( <i>U.S.\$ million</i> ) .....	11,050	11,823
Carrying value of finance lease and loan receivables ( <i>U.S.\$ million</i> ) .....	188	104
Net book value of aircraft held for sale ( <i>U.S.\$ million</i> ) .....	—	28
<b>Aggregate net book value (<i>U.S.\$ million</i>) (Owned Portfolio)</b> .....	<b>11,238</b>	<b>11,955</b>

The table below shows the Group's fleet as at 31 December in each of 2019, 2018 and 2017.

	2019	2018	2017
Owned Portfolio ( <i>number of aircraft</i> ) .....	289	312	310
Managed Portfolio ( <i>number of aircraft</i> ) .....	65	37	40
Weighted average age ( <i>years</i> ) (Owned Portfolio) <sup>(1)</sup> .....	6.0	5.9	5.7
Weighted average remaining lease term ( <i>years</i> ) (Owned Portfolio) <sup>(1)</sup> .....	6.3	6.4	6.1
Net book value of aircraft held for lease ( <i>U.S.\$ million</i> ) .....	11,310	11,708	12,050
Carrying value of finance lease receivables ( <i>U.S.\$ million</i> ) .....	102	118	222
Net book value of aircraft held for sale ( <i>U.S.\$ million</i> ) .....	293	521	11
<b>Aggregate net book value (<i>U.S.\$ million</i>) (Owned Portfolio)</b> .....	<b>11,705</b>	<b>12,347</b>	<b>12,283</b>

Note:

(1) Weighted averages calculated based on the Cirium/Ascend half-life current market value as at each relevant date.

## RESULTS OF OPERATIONS

### Nine months ended 30 September 2020 compared to nine months ended 30 September 2019

*This section compares the Group's results of operations for each of the nine-month periods ended 30 September 2020 and 30 September 2019, using unaudited financial data for both periods extracted from the Interim Financial Statements.*

#### **Total revenue**

The Group's total revenue comprises (i) lease revenue from aircraft leasing, which also includes maintenance revenue (which comprises the release of maintenance reserves net of the derecognition of maintenance right assets) and is net of amortization of lease incentives, lease discounts and other lease costs, (ii) engineering maintenance service revenue which is derived from Joramco's engineering maintenance services and (iii) other income (which includes income from the management of aircraft on behalf of third parties, settlements received from customers, proceeds from the sale of spare parts and the release of security deposits).

The table below shows a breakdown of the Group's total revenue for each of the nine month periods ended 30 September 2020 and 30 September 2019.

	<b>Nine months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<i>(U.S.\$ thousand)</i>	
Lease revenue .....	928,214	1,005,655
Maintenance revenue .....	39,281	49,393
Amortization of lease incentives, lease discounts and other lease costs.....	(44,887)	(35,184)
<b>Net lease revenue.....</b>	<b>922,608</b>	<b>1,019,864</b>
Engineering maintenance services revenue.....	42,688	53,948
Finance lease and loan receivables income.....	6,187	4,485 <sup>(1)</sup>
<b>Total lease revenue and engineering maintenance services revenue</b>	<b>48,875</b>	<b>58,433</b>
Other income .....	12,638	6,841
<b>Total revenue.....</b>	<b>984,121</b>	<b>1,085,138</b>

Note:

- (1) Prior to 1 January 2020, finance lease and loan receivables income was included with finance income and since 1 January 2020 it has been presented within revenue. The comparative nine-month period ended 30 September 2019 has been re-presented to conform with this presentation.

The Group's total revenue fell by U.S.\$101.0 million, or 9.3 per cent., to U.S.\$984.1 million in the nine months ended 30 September 2020 from U.S.\$1,085.1 million in the corresponding period of 2019. The change principally reflected lower net lease revenue.

#### *Lease revenue*

The Group's net lease revenue fell by U.S.\$97.3 million, or 9.5 per cent., in the nine months ended 30 September 2020 to U.S.\$922.6 million from U.S.\$1,019.9 million in the corresponding period of 2019. The decrease in the nine months ended 30 September 2020 compared to the corresponding period in 2019 principally resulted from a decrease in the number of revenue-generating aircraft in the fleet as well as the impact of lease transitions and lease restructurings due to COVID-19. Maintenance revenue in the nine months ended 30 September 2020 reduced compared to the corresponding period in 2019 due to lower maintenance reserve releases on transitioning aircraft. Amortization of lease incentives increased in the nine months ended 30 September 2020 compared to the corresponding period in 2019 due to higher contributions expected on future maintenance events.

#### *Provision of engineering maintenance services*

The Group's revenue from Joramco's engineering maintenance services fell by U.S.\$11.3 million, or 20.9 per cent., in the nine months ended 30 September 2020 to U.S.\$42.7 million from U.S.\$53.9 million in the corresponding period of 2019. The decrease principally reflected limited operating capacity due to the spread of COVID-19 during 2020.

#### *Gain on disposal of aircraft*

The Group's gain on disposal of aircraft was U.S.\$9.9 million in the nine months ended 30 September 2020 compared to U.S.\$32.3 million in the corresponding period of 2019. During the nine months ended 30 September 2020 the Group sold 10 owned aircraft compared to 19 owned aircraft in the corresponding period of 2019. Of the 10 aircraft sold in the nine months ended 30 September 2020, eight aircraft were sold to third parties where management of the aircraft was retained by the Group. The average age of the aircraft sold in the 2020 period was 14.3 years.

Fluctuations in the gain or loss on disposal of aircraft are not only a function of the number of disposals, but are also dependent on the type and age of aircraft, accounting adjustments for revenue earned from the economic closing date to the transfer of title to the buyer, as well as the prevailing market trading conditions in the underlying period.



## Expenses

The Group's expenses in the two nine-month periods under review comprised (i) depreciation and amortization, (ii) general and administrative expenses, (iii) the cost of providing the engineering maintenance services provided by Joramco, (iv) the Group's loss allowance for financial assets and (v) the Group's aircraft maintenance costs.

The table below shows a breakdown of the Group's expenses for each of the nine month periods ended 30 September 2020 and 30 September 2019.

	Nine months ended 30 September	
	2020	2019
	<i>(U.S.\$ thousand)</i>	
Depreciation and amortization.....	418,726	432,699
General and administrative expenses.....	57,262	60,507
Cost of providing engineering maintenance services .....	31,070	36,303
Loss allowance for financial assets.....	40,441	10,235 <sup>(1)</sup>
Aircraft maintenance .....	13,876	6,648
<b>Total expenses.....</b>	<b>561,375</b>	<b>546,392</b>

Note:

- (1) The Group's loss allowance was previously classified with lease revenue and was presented within expenses for the first time in 2020. The comparative period has been re-presented to conform with the presentation for the nine months ended 30 September 2020.

The Group's total expenses increased by U.S.\$15.0 million, or 2.7 per cent., in the nine months ended 30 September 2020 to U.S.\$561.4 million from U.S.\$546.4 million in the corresponding period of 2019, primarily due to increased loss allowance for financial assets.

### *Depreciation and amortization*

The Group's depreciation and amortization expenses fell by U.S.\$14.0 million, or 3.2 per cent., in the nine months ended 30 September 2020 to U.S.\$418.7 million from U.S.\$432.7 million in the corresponding period of 2019. This decrease was predominately driven by the lower number of aircraft in the fleet in the 2020 period. During the nine months ended 30 September 2020, the Group changed the estimated useful economic life of freighter aircraft and ATR 72-600s from 25 to 30 years, in order to more appropriately reflect the period of expected economic use. This change did not result in a material change in the depreciation charge for the nine months ended 30 September 2020.

### *General and administrative expenses*

The Group's general and administrative expenses fell by U.S.\$3.2 million, or 5.4 per cent., in the nine months ended 30 September 2020 to U.S.\$57.3 million from U.S.\$60.5 million in the corresponding period of 2019.

### *Cost of providing engineering maintenance services*

The Group's cost of providing engineering maintenance services fell by U.S.\$5.2 million, or 14.4 per cent., in the nine months ended 30 September 2020 to U.S.\$31.1 million from U.S.\$36.3 million in the corresponding period of 2019. This decrease was reflected the decrease in revenue from engineering maintenance services over the same periods.

### *Aircraft maintenance*

The Group's aircraft maintenance expenses increased by U.S.\$7.2 million, or 108.7 per cent., in the nine months ended 30 September 2020 to U.S.\$13.9 million from U.S.\$6.6 million in the corresponding period of 2019. This was principally due to an increase in the re-lease maintenance expense and other maintenance costs incurred on transitioning aircraft.

### ***Operating profit***

Reflecting the above factors, the Group's operating profit was U.S.\$432.6 million in the nine months ended 30 September 2020 compared to U.S.\$571.0 million in the corresponding period of 2019, a fall of U.S.\$138.4 million, or 24.2 per cent.

### ***Net finance costs***

The Group's net finance costs fell by U.S.\$31.1 million, or 10.9 per cent., in the nine months ended 30 September 2020 to U.S.\$253.9 million from U.S.\$285.0 million in the corresponding period of 2019.

The Group's finance income decreased by U.S.\$29.9 million, or 68.5 per cent., in the nine months ended 30 September 2020 to U.S.\$13.7 million from U.S.\$43.6 million in the corresponding period of 2019 which related primarily to lower interest earned on notes receivable from shareholders, which were repaid in full during the 2020 period.

The Group's finance expense fell by U.S.\$61.0 million, or 18.6 per cent., in the nine months ended 30 September 2020 to U.S.\$267.6 million from U.S.\$328.6 million in the corresponding period of 2019. This decrease was primarily attributable to savings in interest expense which reduced primarily due to the decrease in total loans and borrowings (net of debt issuance costs) from U.S.\$8.9 billion as at 30 September 2019 to U.S.\$7.7 billion as at 30 September 2020.

### ***Income tax expense***

The Group's tax charge is primarily driven by tax arising on its Irish activities. During the nine months ended 30 September 2020, the Group recorded a tax expense of U.S.\$11.5 million compared to tax expense of U.S.\$25.5 million in the corresponding period of 2019. The decrease was primarily due to a reduction in profits attributable to the Group's activities carried out in Ireland during the 2020 period.

### ***Profit for the period***

Reflecting the above factors, the Group's profit for the nine months ended 30 September 2020 fell by U.S.\$93.3 million, or 35.8 per cent., to U.S.\$167.3 million from U.S.\$260.5 million in the corresponding period of 2019.

### **2019 compared to 2018**

*This section compares the Group's 2019 and 2018 results of operations. Financial data as at and for the year ended 31 December 2019 has been extracted from the 2019 Financial Statements and financial data as at and for the year ended 31 December 2018 has been extracted from the 2018 Financial Statements.*

### ***Total revenue***

The table below shows a breakdown of the Group's total revenue for each of 2019 and 2018.

	2019	2018
	(U.S.\$ thousand)	
Lease revenue .....	1,324,070	1,372,242
Maintenance revenue .....	68,347	20,780
Amortization of lease incentives, lease discounts and other lease costs.....	(62,291)	(31,038)
<b>Net lease revenue.....</b>	<b>1,330,126</b>	<b>1,361,984</b>
Engineering maintenance services revenue.....	81,754	67,350
<b>Total lease revenue and engineering maintenance services revenue .....</b>	<b>1,411,880</b>	<b>1,429,334</b>
Other income .....	9,427	7,277
<b>Total revenue.....</b>	<b>1,421,307</b>	<b>1,436,611</b>

The Group's total revenue fell by U.S.\$15.3 million, or 1.1 per cent., to U.S.\$1,421.3 million in 2019 from U.S.\$1,436.6 million in 2018. The change was primarily as a result of a decrease in net lease revenue offset by an increase in engineering maintenance services revenue.

#### *Net lease revenue*

The Group's net lease revenue fell by U.S.\$31.9 million, or 2.3 per cent., in 2019 to U.S.\$1,330.1 million from U.S.\$1,362.0 million in 2018. This decrease was due primarily to a lower number of revenue-generating aircraft in the fleet, increased amortization of lease incentives and a higher loss allowance due to the bankruptcy of a lessee in 2019, partly offset by increased aircraft maintenance revenue which mainly related to end of lease compensation payments, in each case in 2019 compared to 2018.

The proportion of the Group's net lease revenue derived from its top five customers was 28.7 per cent. in 2019 compared to 28.0 per cent. in 2018. No single customer accounted for more than 14.4 per cent. of the Group's net lease revenue, excluding end of lease compensation, in 2019 compared to 16.2 per cent. in 2018.

See note 3 to the 2019 Financial Statements for a table showing the distribution of the Group's net lease revenue by geographic region of the operator in each of 2019 and 2018.

#### *Provision of engineering maintenance services*

The Group's revenue from engineering maintenance services increased by U.S.\$14.4 million, or 21.4 per cent., in 2019 to U.S.\$81.8 million from U.S.\$67.4 million in 2018. The increase principally reflected additional operating capacity during the period.

#### *Gain on disposal of aircraft*

The Group's gain on disposal of aircraft was U.S.\$84.7 million in 2019 compared to U.S.\$52.1 million in 2018. During 2019, the Group sold 34 owned aircraft compared to 26 owned aircraft in 2018. Of the 34 aircraft sold in 2019, 31 aircraft were sold to third parties where management of the aircraft was retained by the Group. The average age of the aircraft sold in 2019 was 11.1 years.

#### *Expenses*

The Group's total expenses increased by U.S.\$15.3 million, or 2.2 per cent., in 2019 to U.S.\$720.1 million from U.S.\$704.8 million in 2018, due primarily to higher depreciation and amortization expenses and higher cost of providing engineering and maintenance services, offset by lower general and administrative expenses, in each case in 2019 compared to 2018.

#### *Depreciation and amortization*

The Group's depreciation and amortization expenses increased by U.S.\$9.2 million, or 1.6 per cent., in 2019 to U.S.\$572.9 million from U.S.\$563.8 million in 2018. This increase reflected additional depreciation on aircraft acquired during the period offset by savings on aircraft sold and classified as held-for-sale.

#### *General and administrative expenses*

The Group's general and administrative expenses decreased by U.S.\$6.0 million, or 6.7 per cent., in 2019 to U.S.\$84.0 million from U.S.\$90.0 million in 2018. This decrease principally reflected U.S.\$4.0 million lower legal and professional expenses in 2019 compared to 2018 due to lower general legal costs and U.S.\$3.5 million lower office expenses in 2019 compared to 2018 due to the adoption of IFRS 16 for office leases which resulted in a decrease in rental expenses.

#### *Cost of providing engineering maintenance services*

The Group's cost of providing engineering maintenance services increased by U.S.\$7.9 million, or 17.9 per cent., in 2019 to U.S.\$52.4 million from U.S.\$44.4 million in 2018. This increase was in line with the increase in the Group's revenue from engineering maintenance services in 2019 compared to 2018.

#### *Aircraft maintenance expenses*

The Group's aircraft maintenance expenses increased by U.S.\$4.4 million, or 67.2 per cent., in 2019 to U.S.\$11.0 million from U.S.\$6.5 million in 2018. This was due to additional surveillance and repossession costs during 2019 compared to 2018.

### ***Profit from operating activities***

Reflecting the above factors, the Group's profit from operating activities was U.S.\$785.8 million in 2019 compared to U.S.\$783.9 million in 2018, an increase of U.S.\$1.9 million, or 0.2 per cent.

### ***Net finance costs***

The Group's net finance costs increased by U.S.\$17.2 million, or 4.8 per cent., in 2019 to U.S.\$372.3 million from U.S.\$355.1 million in 2018.

The Group's finance income fell by U.S.\$58.7 million, or 48.6 per cent., in 2019 to U.S.\$61.9 million from U.S.\$120.6 million in 2018. This decrease principally reflected U.S.\$39.1 million lower gains on financial instruments (which in both years related to gains on the repurchase of senior unsecured notes and breakage gains on the early repayment of certain loans during the year) and a U.S.\$10.8 million positive movement in the fair value of derivatives in 2018. The movement in the fair value of derivatives during 2019 was recorded in other comprehensive income as all derivatives have been in designated hedge relationships. There was also U.S.\$5.0 million lower interest on notes receivable in 2019 compared to 2018.

The Group's finance expense fell by U.S.\$41.5 million, or 8.7 per cent., in 2019 to U.S.\$434.2 million from U.S.\$475.7 million in 2018. This decrease was primarily attributable to U.S.\$26.3 million lower interest expense on bank borrowings principally due to the decrease in total loans and borrowings (net of debt issuance costs) from U.S.\$9.3 billion as at 31 December 2018 to U.S.\$8.3 billion as at 31 December 2019. It also reflected the fact that during 2018 the Group transferred three aircraft from finance lease receivables to aircraft held for lease, resulting in an overall loss of U.S.\$20.0 million. No equivalent transfers occurred during 2019.

### ***Income tax expense***

During 2019, the Group recorded a tax expense of U.S.\$36.1 million compared to U.S.\$55.9 million in 2018. The U.S.\$19.8 million, or 35.5 per cent., decrease was primarily due to a reduction in profits attributable to the Group's activities carried out in Ireland during 2019, which accounted for U.S.\$11.5 million of the decrease. The other principal factors contributing to the decrease in 2019 were a U.S.\$9.5 million lower impact from tax losses not recognized in 2019 which was offset by a U.S.\$5.3 million higher impact from non-deductible interest in 2019.

### ***Profit for the year***

Reflecting the above factors, the Group's profit for the year increased by U.S.\$4.6 million, or 1.2 per cent., in 2019 to U.S.\$377.5 million from U.S.\$372.9 million in 2018.

### **2018 compared to 2017**

*This section compares the Group's 2018 and 2017 results of operations, using financial data for 2018 and 2017 extracted from the 2018 Financial Statements.*

### ***Total revenue***

The table below shows a breakdown of the Group's total revenue for each of 2018 and 2017.

	<b>2018</b>	<b>2017</b>
	(U.S.\$ thousand)	
Lease revenue .....	1,372,242	771,190
Maintenance revenue .....	20,780	36,400
Amortization of lease incentives, lease discounts and other lease costs .....	(31,038)	(17,058)
<b>Net lease revenue .....</b>	<b>1,361,984</b>	<b>790,532</b>
Engineering maintenance services revenue .....	67,350	47,658
<b>Total lease revenue and engineering maintenance services revenue .....</b>	<b>1,429,334</b>	<b>838,190</b>
Other income .....	7,277	7,608
<b>Total revenue .....</b>	<b>1,436,611</b>	<b>845,798</b>

The Group's total revenue increased by U.S.\$590.8 million, or 69.9 per cent., to U.S.\$1,436.6 million in 2018 from U.S.\$845.8 million in 2017. The change was primarily as a result of an increase in net lease revenue.

#### *Net lease revenue*

The Group's net lease revenue increased by U.S.\$571.5 million, or 72.3 per cent., in 2018 to U.S.\$1,362.0 million from U.S.\$790.5 million in 2017. This increase was due primarily to a higher number of revenue-generating aircraft in the fleet throughout 2018 which in turn reflected the fact that the acquisition of AWAS, which added 210 aircraft, was completed on 17 August 2017. The increase was offset by (i) U.S.\$15.7 million lower maintenance revenue which related to a lower release on transitioning aircraft during 2018 compared to 2017 and (ii) U.S.\$14.0 million higher amortization of lease incentives, lease discounts and other lease costs in 2018 compared to 2017.

The proportion of the Group's net lease revenue derived from its top five customers was 28.0 per cent. in 2018 compared to 46.0 per cent. in 2017. No single customer accounted for more than 16.2 per cent. of the Group's net lease revenue, excluding end of lease compensation, in 2018 compared to 27.7 per cent. in 2017.

See note 3 to the 2018 Financial Statements for a table showing the distribution of the Group's net lease revenue by geographic region of the operator in each of 2018 and 2017.

#### *Provision of engineering maintenance services*

The Group's revenue from engineering maintenance services increased by U.S.\$19.7 million, or 41.3 per cent., in 2018 to U.S.\$67.4 million from U.S.\$47.7 million in 2017. The increase principally reflected additional operating capacity during the period.

#### ***Gain/(loss) on disposal of aircraft***

The Group's gain on disposal of aircraft was U.S.\$52.1 million in 2018 compared to a loss on disposal of aircraft of U.S.\$14.9 million in 2017. During 2018, the Group sold 26 owned aircraft, compared to 25 owned aircraft in 2017. Of the 26 owned aircraft sold in 2018, three aircraft were sold to third parties where management of the aircraft was retained by the Group. The average age of the aircraft sold in 2018 was 7.5 years.

#### ***Expenses***

The Group's total expenses increased by U.S.\$255.5 million, or 56.9 per cent., in 2018 to U.S.\$704.8 million from U.S.\$449.3 million in 2017, due primarily to higher depreciation and amortization expenses and general and administrative expenses, offset by lower aircraft maintenance expenses, in each case in 2018 compared to 2017.

#### *Depreciation and amortization*

The Group's depreciation and amortization expenses increased by U.S.\$256.7 million, or 83.6 per cent., in 2018 to U.S.\$563.8 million from U.S.\$307.1 million in 2017. This increase reflected the higher number of aircraft in the fleet in 2018 compared to 2017 primarily due to the AWAS acquisition.

#### *General and administrative expenses*

The Group's general and administrative expenses increased by U.S.\$9.7 million, or 12.0 per cent., in 2018 to U.S.\$90.0 million from U.S.\$80.4 million in 2017. This increase principally reflected U.S.\$9.3 million higher compensation and benefits expense in 2018 compared to 2017 due to the full year impact of the acquisition of AWAS.

#### *Cost of providing engineering maintenance services*

The Group's cost of providing engineering maintenance services increased by U.S.\$10.0 million, or 29.2 per cent., in 2018 to U.S.\$44.4 million from U.S.\$34.4 million in 2017. This increase was in line with the increase in the Group's revenue from engineering maintenance services in 2018 compared to 2017.

### *Aircraft maintenance expenses*

The Group's aircraft maintenance expenses fell by U.S.\$11.4 million, or 63.6 per cent., in 2018 to U.S.\$6.5 million from U.S.\$18.0 million in 2017. This was due to lower re-lease maintenance expense and other maintenance costs incurred on transitioning aircraft.

### *Asset impairment*

In 2017, the Group recognized a U.S.\$9.4 million impairment charge relating to one aircraft which transitioned during the year, which was offset by a maintenance reserve release of U.S.\$9.4 million which is included within revenue. No impairment charge was identified for the Group's aircraft in 2018.

### *Profit from operating activities*

Reflecting the above factors, the Group's profit from operating activities was U.S.\$783.9 million in 2018 compared to U.S.\$381.6 million in 2017, an increase of U.S.\$402.3 million, or 105.4 per cent.

### *Net finance costs*

The Group's net finance costs increased by U.S.\$155.9 million, or 78.3 per cent., in 2018 to U.S.\$355.1 million from U.S.\$199.2 million in 2017.

The Group's finance income increased by U.S.\$68.8 million, or 132.8 per cent., in 2018 to U.S.\$120.6 million from U.S.\$51.8 million in 2017. This increase principally reflected a U.S.\$41.6 million gain on financial instruments in 2018 compared to no gain or loss in 2017 coupled with a U.S.\$32.1 million increase in interest on notes and loans receivable in 2018 compared to 2017.

The Group's finance expense increased by U.S.\$224.8 million, or 89.6 per cent., in 2018 to U.S.\$475.7 million from U.S.\$251.0 million in 2017. This increase was mainly due to U.S.\$181.3 million higher interest charged on higher average bank borrowings in large part reflecting financing raised to fund the acquisition of AWAS in August 2017. In addition, in 2018 the Group's amortization of debt issuance costs due to early repayment of loans increased by U.S.\$22.6 million compared with 2017 and it incurred U.S.\$20.0 million in losses and provisions relating to the transfer of finance lease receivables.

### *Income tax expense*

During 2018, the Group recorded a tax expense of U.S.\$55.9 million compared to U.S.\$9.8 million in 2017. The income tax expense for 2018 was primarily driven by the corporate tax arising on the Group's Irish activities at 12.5 per cent. The Group also incurred losses in other jurisdictions, primarily Hungary (U.S.\$8.2 million tax effected) which is included in income taxable at other rates. However, based on current taxable income projections these losses have not been recognized.

### *Profit for the year*

Reflecting the above factors, the Group's profit for the year increased by U.S.\$200.3 million, or 116.1 per cent., in 2018 to U.S.\$372.9 million from U.S.\$172.6 million in 2017.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity**

The Group generally funds its operations through a mixture of equity and debt, comprising lines of credit, loan facilities and senior debt.

The Group's total loans and borrowings before debt issuance costs was U.S.\$7,758.8 million as at 30 September 2020, U.S.\$8,376.2 million as at 31 December 2019, U.S.\$9,359.3 million as at 31 December 2018 and U.S.\$10,505.9 million as at 31 December 2017. The Group's total equity was U.S.\$2,919.2 million as at 30 September 2020, U.S.\$3,053.6 million as at 31 December 2019, U.S.\$3,524.8 million as at 31 December 2018 and U.S.\$3,162.8 million as at 31 December 2017.

The Group's net debt to equity ratio (calculated as the ratio of net debt less cash and cash equivalents to total equity, in each case as presented on the Group's consolidated statement of financial position) was 2.47:1 as at 30 September 2020 compared to 2.64:1 as at 31 December 2019, 2.57:1 as at 31 December

2018 and 3.17:1 as at 31 December 2017. As at 30 September 2020, the Group's total liquidity (measured as available revolving credit facilities and cash and cash equivalents) was U.S.\$2.1 billion compared to U.S.\$2.4 billion as at 31 December 2019, U.S.\$1.6 billion as at 31 December 2018 and U.S.\$0.8 billion as at 31 December 2017.

The Group's total equity decreased in the nine months ended 30 September 2020 principally as a result of the repurchase of shares and movement in other reserves offset by profit after tax for the nine months ended 30 September 2020. The Group's total equity decreased in 2019 due primarily to the repurchase of shares during 2019 offset by retained earnings from profit earned. The Group's total equity increased in 2018 principally as a result of retained earnings from profit earned.

For a discussion of the Group's indebtedness, see "*Description of other indebtedness*".

## Cash flows

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

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

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

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

## Operating cash flow

### *Nine-month periods ended 30 September 2020 and 30 September 2019 compared*

In the nine months ended 30 September 2020, the Group generated net cash from operating activities of U.S.\$602.7 million compared to U.S.\$1,004.6 million in the corresponding period of 2019, a decrease of U.S.\$401.9 million. This movement was primarily due to an increase in trade and other receivables, rent deferrals due to the impact of COVID-19, an increase in finance lease and loan receivables and lower maintenance receipts in the nine months ended 30 September 2020 compared to the corresponding period in 2019.

The Group's net cash from operating activities before changes in operating assets and liabilities principally reflects its net profit for the period with adjustments for depreciation and amortization and net finance cost.

### *2019 and 2018 compared*

In 2019, the Group generated net cash from operating activities of U.S.\$1,298.2 million compared to U.S.\$1,310.4 million in 2018, a decrease of U.S.\$12.2 million.

#### *2018 and 2017 compared*

In 2018, the Group generated net cash from operating activities of U.S.\$1,310.4 million compared to U.S.\$888.6 million in 2017, an increase of U.S.\$421.8 million. The increase in 2018 was mainly due to increased operating cash flow generated by an increased number of aircraft in the fleet following the acquisition of AWAS in August 2017.

#### ***Investing cash flow***

##### *Nine-month periods ended 30 September 2020 and 30 September 2019 compared*

In the nine months ended 30 September 2020, the Group's net cash from investing activities was U.S.\$737.7 million compared to net cash used in investing activities of U.S.\$223.0 million in the corresponding period of 2019. This movement was primarily due to a significant cash inflow from the repayment of notes receivable by the Group's shareholder in the nine months ended 30 September 2020. In addition, the Group acquired a lower number of aircraft in the 2020 period compared to the 2019 period although this was substantially offset by lower proceeds received from the sale of aircraft in the 2020 period compared to the 2019 period.

##### *2019 and 2018 compared*

In 2019, the Group's net cash from investing activities was U.S.\$144.5 million compared to net cash used in investing activities of U.S.\$202.8 million in 2018. This movement mainly related to U.S.\$255.6 million in cash proceeds received in advance of sale of aircraft in 2019 compared to no equivalent amounts received in 2018 offset by U.S.\$42.8 million higher deposits paid for the purchase of aircraft in 2019 compared to 2018. During 2019, the Group's net cash inflow from the acquisition of aircraft held for lease and the disposal of aircraft was U.S.\$29.9 million compared to a net cash outflow of U.S.\$64.5 million in 2018.

##### *2018 and 2017 compared*

In 2018, the Group's net cash used in investing activities was U.S.\$202.8 million compared to U.S.\$2,721.2 million in 2017. This movement mainly related to the U.S.\$1,767.9 million cash outflow on the acquisition of AWAS in 2017 compared to no equivalent outflow in 2018. In addition, during 2018, the Group's net cash outflow from the acquisition of aircraft held for lease and the disposal of aircraft was U.S.\$64.5 million compared to U.S.\$627.0 million in 2017 and its deposits paid for the purchase of aircraft were U.S.\$258.5 million higher than in 2017.

#### ***Financing cash flow***

##### *Nine-month periods ended 30 September 2020 and 30 September 2019 compared*

In the nine months ended 30 September 2020, the Group's net cash used in financing activities was U.S.\$1,088.0 million compared to U.S.\$721.1 million in the corresponding period of 2019. This movement was due to U.S.\$123.3 million higher net repayments of borrowings, U.S.\$143.1 million higher share repurchases and U.S.\$102.1 million higher debt repurchases offset by a U.S.\$46.7 million decrease in net financing costs, in each case in the nine months ended 30 September 2020 compared to the corresponding period in 2019.

The Group's cash and cash equivalents as at 30 September 2020 were U.S.\$480.9 million compared to U.S.\$228.5 million as at 31 December 2019. The Group's total cash and cash resources, which includes restricted cash, were U.S.\$584.9 million as at 30 September 2020, an increase of U.S.\$218.9 million compared to U.S.\$366.0 million as at 31 December 2019.

##### *2019 and 2018 compared*

In 2019, the Group's net cash used in financing activities was U.S.\$1,407.2 million compared to U.S.\$1,284.5 million in 2018. This movement was due to the repurchase of share capital of U.S.\$107.0 million in 2019 compared to no equivalent repurchase in 2018, U.S.\$138.3 million higher cash interest paid in 2019 than in 2018 and U.S.\$60.1 million lower cash inflow from release of restricted cash in 2019 than in 2018, offset by U.S.\$156.7 million lower net repayment of borrowings and debt purchased in 2019 than in 2018.



The Group's cash and cash equivalents as at 31 December 2019 were U.S.\$228.5 million compared to U.S.\$193.0 million as at 31 December 2018. The Group's total cash and cash resources, which includes restricted cash, were U.S.\$366.0 million as at 31 December 2019, a decrease of U.S.\$42.8 million compared to U.S.\$408.8 million as at 31 December 2018.

#### *2018 and 2017 compared*

In 2018, the Group's net cash used in financing activities was U.S.\$1,284.5 million compared to net cash generated from financing activities of U.S.\$1,722.3 million in 2017. This movement was principally due to a net cash inflow from new borrowings less loan repayments of U.S.\$2,318.9 million in 2017 compared to a net cash outflow from loan repayments and debt repurchased less proceeds of new borrowings of U.S.\$1,118.4 million in 2018.

The Group's cash and cash equivalents as at 31 December 2018 were U.S.\$193.0 million down from U.S.\$369.9 million as at 31 December 2017.

### **CERTAIN SIGNIFICANT STATEMENT OF FINANCIAL POSITION ITEMS**

#### **Assets**

The Group's principal assets are its aircraft held for lease which amounted to U.S.\$11,050.4 million, or 88.5 per cent. of the Group's total assets, as at 30 September 2020 compared to U.S.\$11,310 million, or 83.5 per cent. as at 31 December 2019, U.S.\$11,708.2 million, or 79.6 per cent., as at 31 December 2018 and U.S.\$12,050.3 million, or 78.3 per cent., as at 31 December 2017.

In addition, the Group had notes receivable from shareholders which amounted to U.S.\$810.4 million, or 6.0 per cent. of the Group's total assets, as at 31 December 2019 compared to U.S.\$1,464.8 million, or 10.0 per cent. as at 31 December 2018 and U.S.\$1,407.9 million, or 9.2 per cent., as at 31 December 2017. The Group's notes receivable were repaid in cash during the nine months ended 30 September 2020. See further "*Certain relationships and related party transactions—Shareholder loan facility*".

#### ***Aircraft held for lease***

The Group's aircraft held for lease are stated at cost net of accumulated depreciation and impairment losses, if any, on its statement of financial position. For a discussion of the Group's accounting policy applicable to aircraft held for lease, see "*Critical accounting policies and estimates—Aircraft held for lease*" above.

Note 9 to the Interim Financial Statements and note 8 to each of the Annual Financial Statements contains a table showing information about the movements in components of aircraft held for lease and the depreciation of aircraft held for lease.

As at 30 September 2020, the Group owned 284 aircraft compared to 289 aircraft including 10 aircraft held-for-sale as at 31 December 2019, 312 aircraft including 16 aircraft held-for-sale as at 31 December 2018 and 310 aircraft including one aircraft held-for-sale as at 31 December 2017.

As at 30 September 2020, the Group had 277 aircraft held for lease on an operating basis and seven under finance lease compared to 282 on an operating lease basis and seven on a finance lease basis as at 31 December 2019, 304 on an operating lease basis and eight on a finance lease basis as at 31 December 2018 and 299 on an operating lease basis and 11 on a finance lease basis as at 31 December 2017.

During the nine months ended 30 September 2020, the Group sold 10 aircraft and purchased five aircraft.

In 2019, the Group sold 34 aircraft and purchased 11 aircraft.

In 2018, the Group sold 26 aircraft (including two aircraft which were parted out) and purchased 28 aircraft. The Group also transferred three aircraft from finance lease receivable to aircraft held for lease, for further details see note 24 to the 2019 Financial Statements.

In 2017, the Group sold 25 aircraft and purchased 37 aircraft.

The Group's obligations under certain if its secured bank loans are secured by charges over, amongst other things, the Group's aircraft and related assets, details of which are included in note 14 to the Interim

Financial Statements, note 17 to the 2019 Financial Statements and note 18 to the 2018 Financial Statements.

## **Liabilities**

The Group's principal liabilities are its total loans and borrowings which, net of debt issuance costs, amounted to U.S.\$7,688.5 million, or 80.3 per cent. of the Group's total liabilities, as at 30 September 2020 compared to U.S.\$8,295.5 million, or 79.1 per cent. as at 31 December 2019, U.S.\$9,260.6 million, or 82.8 per cent., as at 31 December 2018 and U.S.\$10,405.5 million, or 85.1 per cent., as at 31 December 2017. The Group's loans and borrowings are discussed under "*Description of other indebtedness*".

In addition, the Group's maintenance reserves and security deposits amounted to U.S.\$1,284.1 million, or 13.4 per cent. of the Group's total liabilities, as at 30 September 2020 compared to U.S.\$1,331.8 million, or 12.7 per cent., as at 31 December 2019, U.S.\$1,324.4 million, or 11.8 per cent., as at 31 December 2018 and U.S.\$1,362.0 million, or 11.1 per cent., as at 31 December 2017.

### ***Maintenance reserves and security deposits***

Maintenance reserves comprise maintenance advances, lessor contributions (see further below), repossession provisions, re-lease provisions and heavy maintenance provisions. In many aircraft operating lease contracts, the lessee has the obligation to make supplemental periodic payments which are calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. In these contracts, upon lessee presentation of invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

The Group also recognizes maintenance reserves that are not expected to be reimbursed to lessees, as lease revenue, during the lease term when the Group has reliable information that the lessee will not require reimbursements of additional rentals based on a maintenance forecasting model. Where amounts not expected to be reimbursed are not certain revenue is recognized at the end of the lease.

When aircraft are sold the portion of the accrued liability not specifically assigned to the buyer is derecognized from the consolidated statement of financial position as part of the gain or loss on disposal of the aircraft.

### ***Lessor contributions***

At the beginning of each new lease subsequent to the first lease on a new aircraft, lessor contributions representing contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event expected to occur during the lease, are established. The Group regularly reviews the level of lessor contributions to cover its contractual obligations under current lease contracts and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease.

Lessor contributions in respect of end of lease adjustments are recognized when the Group believes it is probable that it will be required to reimburse amounts to a lessee and the amount can be reasonably estimated.

See note 15 to the Interim Financial Statements, note 16 to the 2019 Financial Statements and note 17 to the 2018 Financial Statements for a breakdown of the Group's maintenance reserves and security deposits.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

### **Capital commitments**

At 30 September 2020, the Group had committed to purchase a number of aircraft from third parties to deliver in 2020 and 2021. The total capital commitment at 30 September 2020 is approximately U.S.\$0.9 billion.

A portion of the aggregate purchase price for the purchase of aircraft will be funded by incurring additional debt. The exact amount of the indebtedness to be incurred will depend upon the actual purchase price of the aircraft, which can vary due to a number of factors, including inflation, and the percentage of the purchase price of the aircraft which must be financed.

### **Contingent liabilities**

See note 22(b) to the 2019 Financial Statements which describes a contingent liability in relation to unpaid Eurocontrol charges incurred by operators of the Group's aircraft. No accrual has been made as at 30 September 2020.

## **RISK MANAGEMENT**

For a discussion of the Group's risk management framework, see note 23(b) to the 2019 Financial Statements which discusses the Group's:

- credit risk, which principally relates to its receivables, cash and cash equivalent balances and derivative financial assets;
- market risk, which principally comprises interest rate risk relating to its loans and borrowings;
- liquidity risk; and
- capital risk management.

As a result of the impact of measures put in place around the world to try to contain the spread of COVID-19 on the Group's customers, the Group's credit risk has increased in the nine months ended 30 September 2020. This is reflected both in the Group's total net trade and other receivables balances which increased to U.S.\$171.2 million as at 30 September 2020 compared to U.S.\$69.1 million as at 31 December 2019 and U.S.\$36.2 million as at 31 December 2018 and in the Group's impairment allowance for trade receivables which amounted to U.S.\$45.1 million as at 30 September 2020 compared to U.S.\$14.5 million as at 31 December 2019 and U.S.\$11.7 million as at 31 December 2018.

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

### **SHAREHOLDER LOAN FACILITY**

During 2017, DAE, acting as lender, entered into an intercompany loan agreement (the "**Shareholder Loan Facility**") with its shareholders (ICD Hospitality and Leisure LLC and Dubai Silicon Oasis Association), in an aggregate principal amount of U.S.\$1,395.7 million. The term loans under the Shareholder Loan Facility (identified as Notes receivable in the Financial Statements) accrued interest at a rate of 3.5 per cent. per annum. The term loans were expected to mature in February 2022. The proceeds of the Shareholder Loan Facility were applied to finance the purchase of DAE's ordinary shares.

Interest capitalized and accrued under the Shareholder Loan Facility amounted to U.S.\$12.2 million and U.S.\$6.3 million as at 31 December 2017, U.S.\$69.1 million and U.S.\$6.5 million as at 31 December 2018 and U.S.\$106.0 million and U.S.\$3.6 million as at 31 December 2019, respectively. During 2019, U.S.\$694.9 million of principal and U.S.\$5.1 million of accrued interest under the Shareholders Loan Facility was repaid. During the period ended 31 March 2020, the remaining balance under the Shareholder Loan Facility was repaid in full.

### **SHAREHOLDERS AGREEMENT**

DAE and each of its shareholders are party to a shareholders agreement. The shareholders agreement contains arrangements with respect to the appointment of board members, limited pre-emptive rights, rights of first offer, permitted transferees, matters reserved to the shareholders and board, and other customary arrangements among shareholders.

### **LOANS AND BORROWINGS**

The Group's loans and borrowings (before debt issuance costs) from its related parties amounted to U.S.\$1,208.9 million, or 15.6 per cent. of its total loans and borrowings (before debt issuance costs), as at 30 September 2020 compared to U.S.\$1,067.7 million, or 12.7 per cent., as at 31 December 2019, U.S.\$948.4 million, or 10.1 per cent., as at 31 December 2018 and U.S.\$1,101.2 million, or 10.5 per cent., as at 31 December 2017.

Finance expense for the nine months ended 30 September 2020 in respect of the Group's related party loans and borrowings (before debt issuance costs) amounted to U.S.\$28.4 million compared to U.S.\$51.8 million in 2019, U.S.\$61.2 million in 2018 and U.S.\$38.2 million in 2017.

### **COMPENSATION OF KEY MANAGEMENT PERSONNEL**

The total salaries and other benefits paid to the Group's key management personnel was U.S.\$8.6 million in the nine months ended 30 September 2020, U.S.\$8.3 million in 2019, U.S.\$7.9 million in 2018 and U.S.\$5.6 million in 2017.

### **OTHER TRANSACTIONS AND ADDITIONAL INFORMATION**

For information regarding our other related party transactions, see note 17 to the Interim Financial Statements, note 21 to the 2019 Financial Statements and note 22 to the 2018 Financial Statements.

## DESCRIPTION OF OTHER INDEBTEDNESS

### OVERVIEW

The table below shows DAE's outstanding indebtedness (including its related party indebtedness other than shareholder loans) by type of lending and the number of aircraft secured against type of lending as at 30 September 2020.

Debt	Number of aircraft as at 30 September 2020	Outstanding debt as at			
		30 September	31 December		
		2020	2019	2018	2017
		(U.S.\$ million)			
Non-recourse obligations .....	5	157.9	167.0	828.2	1,909.5
Recourse obligations (including ECA, EXIM and EDC) .....	94	2,575.7	2,844.6	3,995.0	5,523.4
Secured term loan .....	9	187.5	204.9	228.2	285.7
Unsecured facilities (including term loans) .....	—	1,258.5	1,169.4	357.1	25.2
Senior unsecured notes .....	—	2,221.6	2,857.6	2,949.2	2,343.3
Revolving credit facilities (drawn amount) .....	—	1,357.6	1,132.7	1,001.6	322.7
Lines of credit .....	—	—	—	—	96.1
<b>Total recourse obligations .....</b>	<b>103</b>	<b>7,600.9</b>	<b>8,209.2</b>	<b>8,531.1</b>	<b>8,596.4</b>
<b>Total .....</b>	<b>108</b>	<b>7,758.8</b>	<b>8,376.2</b>	<b>9,359.3</b>	<b>10,505.9</b>
<b>Unencumbered aircraft .....</b>	<b>176</b>	—	—	—	—
<b>Total .....</b>	<b>284</b>	—	—	—	—

In addition to the encumbered aircraft securing the obligations listed above, which had a total net book value of U.S.\$4,462.0 million as at 30 September 2020, 176 aircraft, with a total net book value of U.S.\$6,588.4 million were unencumbered as at 30 September 2020.

All the facilities listed above contain various customary financial and non-financial loan covenants, including:

- financial information obligations;
- limitations on activities which would negatively impact concentration limits such as regional location of lessees and types of aircraft in the portfolio; and
- loan to value maintenance ratio covenant.

In the nine months ended 30 September 2020, the Group's total loans and borrowings before debt issuance costs decreased to U.S.\$7,758.8 million as at 30 September 2020 from U.S.\$8,376.2 million as at 31 December 2019. The decrease was primarily due to the repayment of certain loans and principal amortization during the nine months ended 30 September 2020. As at 30 September 2020, the Group's level of unsecured debt increased to 62.4 per cent. compared to 61.6 per cent. as at 31 December 2019. The Group's average cost of debt was 4.0 per cent. in the nine months ended 30 September 2020 compared to 4.5 per cent. in 2019 and the weighted average debt maturity as at 30 September 2020 was 4.2 years compared to 4.6 years as at 31 December 2019.

In 2019, the Group's total loans and borrowings before debt issuance costs decreased to U.S.\$8,376.2 million as at 31 December 2019 from U.S.\$9,359.3 million as at 31 December 2018. The decrease was primarily due to the early repayment of certain loans and principal amortization during 2019. As at 31 December 2019, the Group's level of unsecured debt increased to 61.6 per cent. compared to 46.0 per cent. as at 31 December 2018. The Group's average cost of debt was 4.5 per cent. in 2019 which was in line with

2018 and the weighted average debt maturity was 4.6 years as at 31 December 2018 compared to 5.2 years as at 31 December 2017.

In 2018, the Group's total loans and borrowings before debt issuance costs decreased to U.S.\$9,359.3 million as at 31 December, 2018 from U.S.\$10,505.9 million as at 31 December 2017. The decrease was primarily due to early repayment of certain loans during 2018. As at 31 December 2018, the Group's level of unsecured debt had increased to 46.0 per cent. compared to 22.5 per cent. in 2017. The Group's average cost of debt was 4.4 per cent. in 2018 compared to 4.0 per cent. in 2017 and the weighted average debt maturity was 5.2 years which was in line with the figure as at 31 December 2017.

The table below shows the aggregate principal and contractual repayment amount of loans for periods after 30 September 2020.

	<b>Principal cash flows</b>	<b>Contractual cash flows</b>
	(U.S.\$ million)	
Due within one year .....	497.6	778.6
Due within one and five years.....	6,029.2	6,655.3
Due after five years.....	1,182.0	1,296.4
<b>Total.....</b>	<b>7,708.7</b>	<b>8,730.3</b>

Note:

- (1) Contractual cash flows include both scheduled payments of principal and interest after the impact of derivatives.

## NON-RECOURSE OBLIGATIONS

As at 30 September 2020, five aircraft were being financed on a non-recourse basis. All the loans contain provisions that require the payment of principal and interest throughout the terms of the loans. The average nominal interest rates on the loans, after the impact of derivatives, are 2.39 per cent. for the fixed rate loans and 4.39 per cent. for the floating rate loans. The loans mature between 2023 and 2026.

## RECOURSE OBLIGATIONS

As at 30 September 2020, 94 aircraft were financed on a full recourse basis (including loans guaranteed by the ECA (Export Credit Agencies), EXIM (Export-Import Bank of the United States) and EDC (Export Development Canada) on standard export credit agency supported financing terms). The loans amortize over their lives of between 0 and 10 years remaining. The average nominal interest rates on the loans, after the impact of derivatives, are 4.09 per cent. for the fixed rate loans and 4.33 per cent. for the floating rate loans.

## SECURED TERM LOAN

The secured term loan carries a fixed rate of interest of 4.87 per cent. and matures in 2021. The term loan requires periodic payments of principal plus interest and amortizes to a bullet repayment in October 2021. As 30 September 2020, nine aircraft were financed with the proceeds of the loan.

## UNSECURED FACILITIES

The Group's unsecured facilities as at 30 September 2020 comprised four full recourse unsecured credit facilities totaling U.S.\$1,258.5 million. The loans under the facilities amortize over their lives of between 0 and 10 years remaining. The unsecured facilities all accrue interest at floating rates and the average nominal interest rate under the facilities, after the impact of derivatives, was 2.29 per cent.

In addition, as at 30 September 2020, the Group had in place an unsecured pre-delivery payment facility that was undrawn.

## TRUST CERTIFICATES

In November 2020, the Group issued U.S.\$750 million of 3.75 per cent. trust certificates due 2026 (the "Trust Certificates"), with DAE as obligor. There is no scheduled amortization for the Trust Certificates.

## **SENIOR UNSECURED NOTES**

In August 2017, the Group issued U.S.\$500 million of 4.00 per cent. senior unsecured notes due 2020 (the "**2020 Notes**"), U.S.\$800 million of 4.50 per cent. senior unsecured notes due 2022, and U.S.\$1,000 million of 5.00 per cent. senior unsecured notes due 2024. In November 2018, the Group issued U.S.\$500.0 million of 5.25 per cent. senior unsecured notes due 2021 and U.S.\$500 million of 5.75 per cent. senior unsecured notes due 2023. There is no scheduled amortization of any of these notes until maturity. All of these notes are fully and unconditionally guaranteed by DAE. During 2018, 2019 and 2020, the Group repurchased U.S.\$397.6 million, U.S.\$86.6 million and U.S.\$192.1 million of these notes, respectively. In addition, the 2020 Notes were repaid in full in August 2020.

## **REVOLVING CREDIT FACILITIES**

The Group's unsecured revolving credit facilities as at 30 September 2020 comprised five full recourse unsecured credit facilities totaling U.S.\$3,005.0 million which can be drawn until maturity which ranges from 2022 to 2024. The facilities all accrue interest at floating rates and the average nominal interest rate under the facilities, after the impact of derivatives, was 1.90 per cent. All of the facilities include covenants that are substantially similar to those included in the senior unsecured notes and a financial covenant requiring DAE (as guarantor) to maintain a minimum consolidated tangible net worth.

## **SENIOR SECURED FACILITY**

In December 2020, the Group entered into a U.S.\$152.2 million senior secured facility agreement.

## DESCRIPTION OF THE ISSUER

### OVERVIEW

DAE Funding LLC was formed on 30 May 2017 as a limited liability company in the State of Delaware. It is registered with the Secretary of State of the State of Delaware under organization number 642 7337. The Issuer's registered office is at c/o The Corporation Service Company, 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19808, and its registered agent at that address is The Corporation Service Company. The Issuer's telephone number is 001-302-636-5401.

Dubai Aerospace Enterprise (DAE) Ltd (the "**Member**") is responsible for the management of the Issuer's business. For further details of the Member's board of directors and executive officers, see "*Management*".

Dubai Aerospace Enterprise (DAE) Ltd was formed as a private company in the DIFC with the registered number 0170. The registered office of DAE at Unit 302, Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates and its telephone number is +971 4 428 9600.

The Issuer has no employees and is not expected to have any employees in the future.

No director or executive officer of the Member has any actual or potential conflicts of interest between their private interests and their duties to the Issuer.

### SHARE CAPITAL

The Issuer has authorized capital of U.S.\$1.00 consisting of 1 unit of limited liability company interest, which has been issued and fully paid up as at the date of this Base Prospectus. The Member is the sole member of the Issuer.

### BUSINESS OF THE ISSUER

In August 2017, the Issuer issued U.S.\$500 million of 4.00 per cent. senior unsecured notes due 2020, U.S.\$800 million of 4.50 per cent. senior unsecured notes due 2022, and U.S.\$1,000 million of 5.00 per cent. senior unsecured notes due 2024. In November 2018, the Issuer issued U.S.\$500.0 million of 5.25 per cent. senior unsecured notes due 2021 and U.S.\$500 million of 5.75 per cent. senior unsecured notes due 2023. The Issuer is also a borrower under the Group's unsecured revolving credit facilities. For further details, see "*Description of Other Indebtedness*".

The Issuer will issue Notes under the Program and may enter into other borrowing arrangements from time to time and may conduct other activities incidental or related to the foregoing. The Issuer is not expected to undertake any other business or to incur any additional substantial liabilities other than in connection with the Notes to be issued under the Program and as a result of conducting other financing activities as described above.



## THE GROUP'S BUSINESS

### OVERVIEW

The Group is a global aerospace enterprise headquartered in Dubai with more than 170 customers in more than 65 countries. The Group conducts its activities through two divisions:

- aircraft leasing (DAE Capital), which is engaged in acquiring and leasing commercial aircraft to airlines, selling and trading aircraft, and managing aircraft on lease for third-party investors and is among the top 10 aircraft lessors globally by Cirium/Ascend half-life current market value as at 30 September 2020; and
- engineering (DAE Engineering), which comprises an 80 per cent. ownership stake in Joramco, a provider of commercial aircraft MRO services based in Amman in Jordan.

ICD, which is the investment arm of the Government of Dubai, owns directly and indirectly 100 per cent. of DAE. ICD also has direct and indirect majority ownership interests in other prominent aviation assets based in Dubai including Emirates, dnata, Dubai Duty Free, and flydubai. Aviation is an important sector of Dubai's economy and growth.

The Group is a top-tier global aircraft leasing company based on its Owned, Managed and Committed Portfolio of approximately 425 aircraft as at 30 September 2020<sup>1</sup>. The Group's Owned and Committed Portfolio had a Fleet Valuation of approximately U.S.\$12.1 billion as at 30 September 2020.

The Group's total assets were U.S.\$12.5 billion as at 30 September 2020. In 2019, the Group's total revenue was U.S.\$1,421.3 million and its profit for the year was U.S.\$377.5 million. For the nine months ended 30 September 2020, the Group's total revenue was U.S.\$984.1 million and its profit for the period was U.S.\$167.3 million.

The Group has been impacted by the COVID-19 pandemic in 2020, see "*Management's discussion and analysis of financial condition and results of operations—Factors affecting comparability of the Group's results—Impact of COVID-19*".

### BUSINESS OVERVIEW

#### Aircraft Leasing division (DAE Capital)

The Group, through its Aircraft Leasing division, principally acquires and leases commercial aircraft to airline customers globally. It also trades aircraft to maintain an attractive, diversified portfolio of owned aircraft. In addition, the Group leverages its technical management, commercial and remarketing capabilities to manage portfolios of aircraft owned by third-party investors. The Aircraft Leasing division operates a highly digitized aircraft leasing platform with a record of success that spans over three decades, with strong capabilities in key leasing skill sets, including origination, placement, credit and risk analysis, technical management, transitions, work-outs, repossessions and trading. The aircraft leasing workforce is an experienced team of commercial aviation industry professionals that DAE believes is one of the best in the business. As at 30 September 2020, the Aircraft Leasing division served 111 customers in 55 countries from the Group's headquarters in Dubai and offices in Dublin, Miami, New York, Seattle and Singapore.

The Aircraft Leasing division leverages the broad capabilities of its platform to offer a solutions-oriented approach to aircraft leasing, with each opportunity assessed separately to ensure that it is able to meet customer-specific requirements. The division actively manages its aircraft lease portfolio by monetizing end-of-life assets, adjusting credit concentration risk and optimizing its asset mix to achieve a better risk-adjusted return, and it proactively manages the portfolio in response to market conditions. The portfolio strategy is complemented by a strong and established asset trading platform that allows the division to adjust its portfolio based on prevailing market conditions and long-term objectives for customer and asset mix.

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<sup>1</sup> The approximation is due to an in-built estimation relating to the Mandated to Manage Portfolio.

The Group approaches all its aircraft transactions from an investment perspective, with a focus on generating stable, predictable cash flows. The Group's aircraft leases with airline customers are "net" leases, under which lessees are generally responsible for all operating expenses, including maintenance, fuel, crews, airport and navigation charges, taxes, licenses, aircraft registration, insurance premiums and expenses related to airworthiness directives. The average, weighted by Cirium/Ascend half-life current market value, remaining lease term on the Owned Portfolio leases as at 30 September 2020 was 6.4 years with scheduled maturities ranging from 2020 to 2033, subject in some cases to early termination or extension rights of the lessee. Most of the Group's leases are at a fixed rate, require payments to be made monthly in advance and are denominated in U.S. dollars. The Group's lessees are generally required to continue to make lease payments under all circumstances, including periods during which the aircraft is not in operation due to maintenance, grounding or requisition. Lessees are required to carry insurance with customary coverage for the air transportation industry, with the premiums paid by the lessee. The Group's lease portfolio is well-diversified geographically and by airline, with its top five lessees representing 20.4 per cent. and 29.5 per cent. of the Owned Portfolio by fleet count and net book value, respectively, as at 30 September 2020. The Group's largest customer, Emirates, represented 3.9 per cent. and 13.8 per cent. of the Owned Portfolio by fleet count and net book value, respectively, as at the same date.

During the term of a lease, the Group actively monitors the operating performance and financial health of the lessee, and the technical condition of the aircraft. It maintains an experienced and specialized credit team to manage counterparty credit risk, which includes the use of proprietary credit scoring processes. Ratings are assigned to the Group's counterparties based on analysis which covers the strength of ownership, management experience, business history, strategy, franchise/competitive environment, fleet, operations, financial performance and country risk. The Group also performs site-visit due diligence to meet with lessee management. The Group's robust technical asset management platform effectively manages aircraft reposessions and transitions of aircraft between lessees.

The Group, through its Aircraft Leasing division, acquires aircraft through three main channels:

- placing a direct order with the manufacturer;
- sale and leaseback transactions with airline customers; and
- purchases from other lessors.

The Group principally focuses on acquiring and leasing liquid and popular aircraft types, such as the Boeing 737, the Airbus A320, the Boeing 787, the Airbus A350-900, the Boeing 777F and the ATR72-600. These aircraft types share some or all of the following desirable characteristics:

- substantial user bases;
- current or new generation technology;
- a high level of operating efficiency; and
- manageable transition costs due to limited engine and configuration options.

Focusing on highly liquid and popular aircraft lowers remarketing and residual value risk, which DAE believes increases the attractiveness of the Group's aircraft to financing parties.

The Group's Owned, Managed and Committed Portfolio of approximately 425 aircraft as at 30 September 2020 consists of 284 Owned, 71 Managed, approximately 44 Mandated to Manage and 26 Committed aircraft. Based on Cirium/Ascend half-life current market value, the Group's Owned Portfolio is 83 per cent. passenger aircraft. The Owned Portfolio has a weighted average age of 6.4 years and a weighted average remaining lease term of 6.4 years, with each such weighted average calculated based on the Cirium/Ascend half-life current market value of the Owned Portfolio as at 30 September 2020. The Owned Portfolio had a fleet utilization rate based on rentals of 100 per cent. in 2019 and 98.3 per cent. in the nine months ended 30 September 2020.

The Group's Owned Portfolio, weighted by Cirium/Ascend half-life current market value, comprised 56 per cent. Boeing aircraft, 35 per cent. Airbus aircraft and 9 per cent. ATR aircraft as at 30 September 2020.

As at the same date and weighted by net book value and excluding finance leases, the Group's Owned Portfolio comprised 48 per cent. narrow body, 29 per cent. wide body (excluding Boeing 777F), 15 per cent. Boeing 777F and 8 per cent. ATR 72-600 as at 30 September 2020.

The table below shows the number by type of the aircraft in the Owned and Managed Portfolio as well as the proportion of each type measured by Cirium/Ascend half-life current market value as at 30 September 2020.

Manufacturer	Aircraft Type	Owned Portfolio	Managed Portfolio	Total	Proportion of Total <sup>(1)</sup>
Airbus.....	A320 family	97	37	134	22%
	A330 family	23	4	27	6%
	A350-900	4	—	4	6%
		<b>124</b>	<b>41</b>	<b>165</b>	<b>35%</b>
Boeing.....	B737 family	73	24	97	22%
	B787	12	—	12	16%
	B777F	13	—	13	16%
	Other Boeing	5	4	9	2%
		<b>103</b>	<b>28</b>	<b>131</b>	<b>56%</b>
ATR.....	ATR72-600	57	2	59	9%
<b>Total.....</b>		<b>284</b>	<b>71</b>	<b>355</b>	<b>100%</b>

Note:

(1) Measured by Cirium/Ascend half-life current market value as at 30 September 2020.

In addition to the above, the Group has commitments to acquire 26 aircraft from third parties.

The value of the Group's Owned, Managed and Committed Portfolio as at 30 September 2020 amounted to approximately U.S.\$16 billion<sup>2</sup>, with the Owned Portfolio (including finance leases and any aircraft held for lease) accounting for U.S.\$11.2 billion. As at 30 September 2020, the Group had commitments to acquire 26 aircraft with a total value of approximately U.S.\$0.9 billion.

As at 30 September 2020 and based on Cirium/Ascend half-life current market value, more than 30 per cent. of the Group's aircraft in the Owned Portfolio were classified as next generation fuel-efficient aircraft. The Group intends to continue growing this proportion and, in the nine months ended 30 September 2020, the Group invested approximately U.S.\$1 billion in new fuel efficient aircraft.

### Engineering (Joramco)

The Group's Engineering division operates under the brand name Joramco and is a leading independent provider of airframe MRO services in the Middle East with a track record in excess of 55 years. Joramco's facility of over 100,000 square meters in size is strategically located at the Queen Alia International Airport in Amman, Jordan. DAE believes that the strategic location, combined with a skilled and experienced 1,000 plus person workforce which gives it a man-hour capability exceeding one million per year, allows the Engineering division to offer a compelling value proposition to airline customers in the Middle East, Europe, Asia, Africa and the CIS countries. Joramco focuses on providing airframe MRO services on Airbus, Boeing and Embraer aircraft, with a comprehensive suite of MRO capabilities.

Joramco's revenue is diversified in geographic terms and its customers are diversified by type. In the nine months ended 30 September 2020, 48 per cent. of Joramco's revenue was derived from customers based in Europe, 42 per cent. from customers based in the Middle East, 6 per cent. from customers based in Africa and 4 per cent. from customers based in South Asia. As at 30 September 2020, 52 per cent. of Joramco's customers were flag and network carriers, 20 per cent. were low cost airlines, 17 per cent. were leisure carriers, 8 per cent. were freight carriers and 3 per cent. were aircraft lessors.

Joramco's 10 largest customers in revenue terms for each of 2018, 2019 and the six months ended 30 September 2020 (namely Swiss, Lufthansa, Gulf Air, flydubai, Royal Jordanian, DHL, Brussels Airlines, Ryanair, Alpha Star and National Air Services) accounted for 62 per cent. of its revenue and in geographic

<sup>2</sup> The approximation is due to an in-built estimation relating to the Mandated to Manage Portfolio.

terms over the same periods its top 10 countries (namely Germany, Switzerland, Saudi Arabia, Jordan, Belgium, Bahrain, Ireland, the UAE, Turkey and South Africa) accounted for 82 per cent. of its revenue.

Five aircraft hangars, 15 aircraft lines and 25 aircraft stands occupying more than 30,000 square meters of the Joramco facility can accommodate up to 15 wide body and narrow body aircraft at the same time, including but not limited to: B777, B787, B737 NG / MAX, A340 and A320 family. Joramco currently has 13 aircraft type approvals and regulatory approvals from over 25 aviation authorities including the EASA, the FAA in the United States, the CARC in Jordan and the GCAA in the UAE. Joramco serviced more than 780 aircraft in the period from 1 January 2018 to 30 September 2020. As at 30 September 2020, Joramco had total assets of U.S.\$66 million.

## LESSEES OVERVIEW

The five largest airline lessees in the Owned Portfolio accounted for 29.5 per cent. of the Group's total net book value as at 30 September 2020, with the three largest, Emirates, Gulf Air and Ethiopian Airlines, representing 24.2 per cent. of the Group's total net book value as at 30 September 2020 on an aggregate basis.

The tables below show, for each of the top ten lessees, the distribution as a percentage of the Owned Portfolio by Cirium/Ascend half-life current market value and by aircraft count.

### Distribution by Cirium/Ascend half-life current market value

	As at 30 September 2020
	(per cent.)
Emirates .....	13.4
Gulf Air .....	8.7
Fiji Airways .....	3.6
Hainan Airlines .....	3.2
Ethiopian Airlines .....	3.1
Egyptair .....	2.9
Vietnam Airlines .....	2.8
Saudi Arabian Airlines .....	2.7
GOL Linhas Aereas .....	2.5
Alliance Air .....	2.2
Other .....	55.0
<b>Total .....</b>	<b>100.0</b>

### Distribution by aircraft count

	As at 30 September 2020
	(per cent.)
Azul .....	5.6
Alliance Air .....	4.6
Emirates .....	3.9
Indigo Airlines .....	3.5
Aeroflot .....	2.8
Saudi Arabian Airlines .....	2.8
Garuda Indonesia .....	2.5
PNG Air .....	2.5
GOL Linhas Aereas .....	2.5
Aegean Airlines .....	2.5
Other .....	66.8
<b>Total .....</b>	<b>100.0</b>

The tables below show the distribution of the Owned Portfolio by location of each airline's principal place of business by Cirium/Ascend half-life current market value and by aircraft count:

**Distribution by Cirium/Ascend half-life current market value**

	<b>As at 30 September 2020</b>
	<i>(per cent.)</i>
Asia Pacific and China.....	30
Middle East, Africa and South Asia.....	44
Europe .....	13
Americas .....	13
<b>Total .....</b>	<b>100.0</b>

**Distribution by aircraft count**

	<b>As at 30 September 2020</b>
	<i>(per cent.)</i>
Asia Pacific .....	29
Europe .....	15
Americas .....	20
Middle East, Africa and South Asia.....	36
<b>Total .....</b>	<b>100.0</b>

In country terms and by Cirium/Ascend half-life current market as at 30 September 2020, 15.6 per cent. of the Owned Portfolio was attributable to airlines with their principal place of business located in the UAE. Nine other countries, Bahrain, Russia, China, India, Brazil, Japan, Vietnam, Saudi Arabia and Fiji, accounted for a further 47.2 per cent. and all other countries accounted for 37.2 per cent.

As at 30 September 2020, 52 per cent. of the Group's leasing customers were flag and network carriers. 22 per cent. were low cost airlines, 16 per cent. were freight carriers, 6 per cent. were regional carriers and 4 per cent. were leisure carriers.

## STRATEGY

The Group's objective is to generate attractive, industry-leading risk-adjusted returns through the aviation industry cycle and to maximize long-term earnings and growth. In order to achieve these business objectives, the Group pursues the following strategies.

### **Offer comprehensive client solutions supported by an integrated approach to origination and trading**

The Group utilizes its scale and market presence to offer a wide range of fleet solutions. DAE believes that providing a wide range of fleet solutions strengthens relationships with the Group's larger customers, while optimizing the risk management and analytic capabilities of its platform. Within that range, the Group focuses on aircraft types that are well-suited for the leasing market over the long-term based on market liquidity and technical capabilities.

The Group approaches all of its leasing, financing and aircraft trading decisions with a focus on risk-adjusted return on equity, residual asset values, credit risk and optimizing its capital structure. The Group intends to continue to actively manage its aircraft lease portfolio by adjusting customer and geographic concentration, retiring end of life assets and managing the aircraft portfolio mix to optimize risk-adjusted returns. This portfolio strategy is complemented by proactive aircraft trading based on prevailing market conditions as well as the Group's long-term objectives for customer and aircraft mix.

### **Use global funding base to grow franchise with low levels of interest rate and liquidity risk**

The Group's scale provides it with access to a broad range of funding sources globally. The Group has been able to finance its aircraft acquisitions and strengthen its liquidity through equity contributions from its major shareholder, cash flows from its operations, and proceeds from various debt structures obtained through diverse markets.

The Group employs a funding strategy focused on maintaining a diverse funding base, reducing interest costs, managing leverage ratios, staggering debt maturities and minimizing risks related to changes in market conditions. The Group's strategy is to identify funding markets and products with favorable and flexible terms to maximize the diversification of funding solutions at reasonable pricing in order to reduce its reliance on any one market or financial institution.

As at 30 September 2020, the Group's liquidity comprised U.S.\$480.9 million in unrestricted cash and cash equivalents and U.S.\$1,649.0 million of available borrowings under its various credit facilities, all of which could have been drawn in compliance with the financial or other covenants applicable to such facilities. The Group intends to maintain prudent liquidity buffers to support the growth of its business while continuing to fulfil its obligations to suppliers and creditors.

The Group aims to minimize interest rate risk wherever possible by matching fixed rate financing for fixed rate leases and floating rate financing for floating rate leases. In addition, the Group uses interest rate derivatives to hedge rate and tenor mismatches.

### **Employ a flexible asset acquisition strategy with investment discipline to maintain a strong balance sheet**

The Group adjusts asset acquisition channels depending on market parameters and opportunities through the industry cycle. The Group uses risk-adjusted returns as a metric to allocate its acquisitions among direct purchases from OEMs, sale and leaseback transactions with airlines and acquisitions from other lessors and investors. The Group expects to maintain a strong balance sheet by focusing on liquid assets with manageable remarketing and residual value risk and by focusing on acquiring those assets at attractive risk-adjusted prices. With its substantial scale, DAE believes the Group is able to access attractive supplier and OEM pricing, trade assets at attractive values and strive to be a preferred provider to airlines looking for a strong lessor to perform sale and leasebacks. The Group also actively manages its fleet to ensure overall risk and portfolio optimization. By proactively investing in and trading aircraft, the Group enhances its portfolio by creating liquidity, providing capacity for future aircraft investments, ensuring the stability of its cash flows and limiting asset residual value and lease remarketing risk.

### **Third party asset management**

The Group continues to grow its third-party managed business, securing long-term strategic partnerships and mandates with investors worldwide that have competitive capital and a wide range of aircraft and credit targets, complementing the Group's own balance sheet investment and leasing activity and growing a significant new revenue stream. The Group has more than 10 institutional aircraft investors in its third-party managed business.

### **Continuously invest in systems, recruiting, training and continuous improvement processes to maintain an industry-leading platform**

The Group has a stable, highly experienced team with exceptional leasing capability and market relationships that consistently generate new business and placement opportunities for its existing aircraft. DAE believes that the Group's large scale and strong, dedicated ownership will allow it to continue to recruit top talent, improve processes and disseminate knowledge throughout the management team and staff to ensure its platform continues to provide a competitive advantage.

The Group continues to invest in proprietary asset management, risk evaluation and other systems. It has experience in ongoing process improvement programs to drive efficiency improvements. DAE believes that these programs have delivered tangible benefits in the form of quicker time to market by the Group's originations teams, streamlined business processes, and enhanced customer service quality with more predictable results.

## **COMPETITIVE STRENGTHS**

### **Leading aircraft leasing company with attractive aircraft portfolio**

The Group has built a strong worldwide franchise and developed long-standing relationships with aircraft manufacturers, commercial airlines and financial institutions. DAE believes that the Group's scale provides it with key competitive advantages, including the ability to trade assets to rebalance its portfolio in order to maintain appropriate levels of lessee and geographical concentration risk, and access a wide range of financing sources to ensure a highly competitive cost of capital.

The Group's portfolio of assets is well-diversified by type, geographic market and lessees. The Group is not dependent on the success of any single OEM, aircraft model, customer region, customer business model or customer. The Group's aircraft are highly liquid, in-demand aircraft with long average remaining lease terms and a well-dispersed lease maturity profile. The desirable nature of the Group's assets coupled with substantial scale and a strong, global platform for remarketing assets has contributed to its high fleet utilization rate. The Group's focus on aircraft with high liquidity characteristics creates strong residual value retention and reduces exposure to asset impairment risk. In addition, DAE believes that its deep knowledge of the aircraft types the Group leases allows it to more efficiently and profitably manage and transition these assets.

### **Robust end-to-end platform with digitized processes**

DAE believes, that over the more than 35-year operating history of the Group and its component businesses, the Group has developed a best-in-class aircraft leasing platform. The Group's aircraft leasing platform comprises:

- in-house proprietary asset management systems to ensure assets are proactively monitored and transitioned to new lessees;
- an experienced trading team with a long history of selling and trading assets;
- proprietary asset risk assessment systems;
- proprietary credit risk assessment systems with a data library on several hundred airlines; and
- a workforce with extensive expertise in aircraft leasing, technical management, financing, lease workouts, repossessions and risk management, allowing the Group to provide all core leasing functions in-house.

The platform is supplemented by a robust range of digitized systems, software solutions and procedures to proactively manage the Group's aircraft through the aviation industry cycle. The platform is also geographically dispersed, with offices in Dubai, Dublin, Miami, New York, Seattle and Singapore in order to ensure proximity to customers and suppliers.

### **Industry leading risk management practices**

The Group actively manages portfolio and counterparty risk with an experienced risk management team supported by time-proven proprietary tools and processes. The Group applies a balanced portfolio strategy that actively manages concentrations by airline, country and geographic region to prevent excessive exposure. Using a proprietary analytical process and formal risk committees, the Group actively monitors counterparty risk of both existing and prospective customers. Using a multi-layered approach to risk management, at a transaction level, committees are in place to evaluate the risk associated with each transaction and, at an enterprise level, the Group has a number of risk committees which evaluate risk and risk management frameworks to ensure suitable mitigation is in place. Pricing and measurement of risk are key to the Group's business decision making, which is supported by a comprehensive database of historical transactions covering thousands of aircraft underwritten and its risk library comprising more than 400 airlines. The Group uses security deposits, maintenance reserves and other credit support, including letters of credit and third-party guarantees, to mitigate transaction risk exposure. These risk management practices, coupled with the Group's extensive in-house repossession and redeployment capabilities, enable the Group to mitigate against and minimize lease default.

When managing asset concentration and selection, the Group continually monitors changing technology, customer trends and manufacturer behavior to adjust its portfolio mix in order to target the highest forward-looking risk-adjusted returns. This management function is supported by the Group's in-house residual value forecasting capability, and two in-house certified ISTAT appraisers.

### **Diverse sources of funding globally**

The Group's scale and operating history as a leading aircraft lessor provide it with access to a broad range of funding and sources of liquidity globally. The Group currently has active lending relationships with 78 lending institutions in 20 countries. Together with its access to capital markets financing, this diverse lender base helps the Group to lower its cost of capital and contributes to the stability of its cash flows. Ownership by ICD and the Group's strong brand in the Middle East have allowed it greater access to the growing Middle Eastern financial markets in addition to the traditional international financial markets.

### **Long track record**

The Group and its component businesses have a more than 35-year track record in managing aircraft assets, transitioning aircraft, assessing lessee credit and asset risk, trading aircraft and repossessing aircraft. The Group also has relationships with over 180 airlines and more than 200 counterparties. DAE believes this long track record and the Group's extensive relationships give the Group industry-leading experience in understanding customer needs, industry trends, transition and maintenance costs, asset value trends, and airline credit prospects. DAE intends to leverage the Group's multi-decade experience to generate effective risk-adjusted returns through the aviation industry cycle. In addition, through its management team's long-standing relationships in the airline and aircraft leasing industries, and through the Group's purchase and lease back commitments on Airbus, Boeing and ATR aircraft, the Group has developed strategic relationships with many of the manufacturers and suppliers of aircraft, aircraft engines and aircraft parts.

### **Fiscal discipline**

The Group's business model is built on the fundamental principles of conservative leverage, low interest rate and liquidity risk and a disciplined approach to the deployment of capital. The Group focuses on deploying capital in assets with a predictable rate of return. It intends to maintain a strong and predictable cash flow profile underpinned by long average remaining lease terms, a well dispersed lease maturity profile and a liquid aircraft portfolio, geographic diversity of customers, high fleet utilization rates and hedged long-term debt.

### **Committed and stable ownership**

The Group benefits from ICD's 100 per cent. direct and indirect ownership in DAE. ICD has a demonstrated track record of owning and nurturing aviation assets over the long-term. DAE believes that its ICD ownership will assist the continued development of the Group's platform to support a wider variety of transactions as well as transactions of greater scale. DAE believes this will help the Group to be seen as a supplier of choice in a rapidly consolidating industry. The Group has the scale to be a stronger competitive force, and DAE believes that this greater scale, together with its long-term and supportive ownership, will enable the Group to focus on long-term investments and to proactively navigate through the aviation industry cycle.

### **Experienced management team**

The Group's management team has significant experience in all aspects of the aviation and aircraft leasing industries, including the provision of innovative lease structures, strategic planning, risk diversification, fleet restructuring, aircraft purchasing and financing strategies. This experience enables the Group to access a wide array of placement opportunities throughout the world and also to evaluate a broad range of potential investments and sales opportunities in the global aviation industry. With extensive industry contacts and relationships worldwide, DAE believes its management team is highly qualified to manage and grow the Group's aircraft portfolio. DAE's senior management team is led by a Chief Executive Officer with a long-term track record of success. DAE believes the senior management team is highly visible in the industry, recognized for its experience and expertise and respected by OEMs, customers and lenders.



## **LEASING BUSINESS**

### **Introduction**

The Group leases to airlines worldwide, and manages its portfolio of commercial jet aircraft through its choices of lessees and lease terms and through its aircraft trading activities through which it seeks to optimize its fleet of aircraft available for lease. The Group identifies desirable aircraft in which to invest, finds lessees to operate the aircraft, monitors contract compliance and realizes cash proceeds upon the disposal of the aircraft. The Group leases most of its aircraft on an operating lease basis. Under an operating lease, the Group retains the benefit, and bears the risk, of re-leasing and of the residual value of the aircraft upon expiration or early termination of the lease. Operating leasing can be an attractive alternative to ownership for airlines because it:

- increases fleet flexibility;
- requires a lower capital commitment for the airline; and
- significantly reduces aircraft residual value risk for the airline.

The useful life of an aircraft is typically around 25 years. Under the Group's leases, the lessees agree to lease the aircraft for a fixed term, although certain of the Group's operating leases allow the lessee the option to extend the lease for an additional term or terminate the lease prior to its expiration.

### **Net leases**

The Group's aircraft leases with airline customers are "net" leases under which lessees are responsible for all operating expenses, including maintenance, fuel, crews, airport and navigation charges, taxes, licenses, aircraft registration and insurance premiums. The Group's aircraft leases with airline customers generally provide that a lessee's payment obligations are absolute and unconditional under any and all circumstances. The Group's airline customer lessees are generally required to make payment without deduction on account of any amounts that the Group might owe the lessee or any claims that the lessee may have against the Group. The lessees generally are required to continue to make lease payments in all circumstances, including periods during which the aircraft is not in operation due to maintenance, grounding or requisition. Frequently, lessees are required under the terms of the Group's aircraft leases to pay additional rent or maintenance payments in an amount determined based on the passage of time or usage of the aircraft measured by hours flown or cycles operated.

The Group may, in connection with the lease of used aircraft to an airline customer, agree to contribute specific additional amounts to the cost of certain maintenance events, such as engine overhauls or airframe interior modifications, which otherwise are generally the responsibility of the lessee. Such contributions usually reflect the usage of the aircraft prior to the commencement of the lease. In certain cases, the Group may share with lessees the cost of compliance with airworthiness directives. The Group may be required under its leases to make reimbursements to lessees for expenses incurred for certain planned major maintenance. The Group may also, on occasion, contribute towards aircraft modifications (for example, winglets and new interiors).

### **Lease term**

The Group's leases with airline customers are mostly operating leases where each lessee agrees to lease the aircraft for a fixed term, although in some cases the lessee has early termination rights or extension rights. Most leases provide for rent payments to be made monthly in advance, although some leases provide for quarterly in advance rent payments. The Group's lease terms for new aircraft usually range from six to 12 years. Leases of the Group's previously leased aircraft to a new lessee following the expiration of the first lease or a repossession can be shorter depending on market conditions but are rarely shorter than three years. The weighted average remaining lease term based on Cirium/Ascend half-life current market value of the Owned Portfolio as at 30 September 2020 was 6.4 years.

### **Lease expiration**

Generally, the leases are structured to require lessees to notify the Group six to 12 months in advance of the lease's scheduled expiration if a lessee desires to renew or extend the lease. This advance notice gives the Group's management team time to consider alternatives with respect to the aircraft, including assessing

general market and competitive conditions and preparing to lease the aircraft to a different airline customer or sell the aircraft to maximize residual values at the end of its useful life. If a renewal or extension is not agreed, the lease will expire at the end of the term and the lessee will be required to return the aircraft pursuant to the return conditions in the lease. The Group's leases contain detailed provisions regarding the required return condition of the aircraft and its components upon redelivery at the end of the lease term. These provisions are designed to ensure the aircraft returned can be leased to a new lessee with minimal or no additional investment on the Group's part.

### **Lease rates**

The Group's leases with airline customers for new aircraft delivered from the manufacturer are generally signed at least eight to 12 months prior to the scheduled aircraft delivery by the manufacturer depending on the aircraft type. Lease rates for new aircraft typically adjust from the time that the lease agreement is signed to the time of the delivery of the aircraft from the manufacturer for two factors:

- changes in aircraft price due to factors such as manufacturer-announced escalation and the cost of aircraft options and configuration to meet lessee requirements; and
- changes based on differences in the prevailing interest rates between the time the lease agreement is executed and the date the aircraft is delivered.

The Group currently has no orders with manufacturers for new aircraft. However, the Group does have existing sale and leaseback agreements with certain clients for aircraft that clients have agreed to purchase from manufacturers, including a purchase and leaseback agreement entered into in the third quarter of 2020 with American Airlines, under which the Group delivered the first of 18 Boeing 737 MAX 8 aircraft in December 2020.

The Group's lease rates generally reflect the value of the aircraft and its expected rate of depreciation as well as the cost of financing the aircraft (underscoring the correlation with interest rates). For a discussion of factors affecting the value of an aircraft, see "*Acquisitions and disposals*" below.

The majority of the Group's current leases are denominated in U.S. dollars. As at 30 September 2020, 92.6 per cent. of the leases in the Group's portfolio as a percentage of lease revenue were subject to fixed lease rates and 4.3 per cent. were subject to floating lease rates, with the lease revenue in relation to the balance being based on the utilization of the aircraft. For floating rate leases, the base lease rates change after delivery by indexing to changes in the relevant base rate, typically every three or six months. The Group's lease contracts are generally governed by New York or English law.

Because aircraft lease rates are influenced by the interest rate environment prevailing at the time that the aircraft is delivered to the lessee, the Group has adopted an interest rate management program. Under this program, the Group may enter into a number of derivative financial instruments, including interest rate swaps and interest rate caps, to allow it to stabilize its margins as short-term interest rates rise or fall.

### **Lease requirements regarding insurance**

The Group requires its lessees to carry the types and amounts of insurance that are customary in the air transportation industry with insurers in the international insurance markets, including comprehensive liability insurance (including war liability cover), aircraft all risk hull insurance, war risk insurance covering risks such as hijacking, terrorism (but excluding coverage for weapons of mass destruction and nuclear events) and aircraft spares insurance, in each case subject to customary deductibles. The Group requires its airline customers to provide a certificate of insurance from their insurance broker identifying the Group's applicable lessor subsidiary as an additional insured or certificate holder, prior to delivery of an aircraft under one of its leases and in advance of any scheduled insurance renewal date. All certificates of insurance are required to contain a breach of warranty endorsement so that an additional insured party remains protected even if the lessee violates any of the terms, conditions or warranties of the insurance policies, provided that the additional insured party has not caused, contributed to or knowingly condoned the breach. Lease agreements generally require hull and liability limits to be in U.S. dollars, which are shown on the certificate of insurance.

Insurance premiums are required to be paid by the lessee, with coverage acknowledged by the broker or carrier. The territorial coverage of the insurance, in each case, should be suitable for the lessee's area of operations. The Group's leases generally require that the certificates of insurance contain, among other

provisions, a provision prohibiting cancellation or material change without at least 30 days' advance written notice to the insurance broker (who would be required to give the Group prompt notice), except in the case of hull war insurance policies, which customarily only provide seven days advance written notice for cancellation and may be subject to shorter notice under certain market conditions. Furthermore, the insurance is primary and not contributory, and the Group's leases generally require that all insurance carriers be required to waive rights of subrogation against the Group.

Aircraft hull policies generally contain standard clauses covering aircraft engines. The lessee is generally responsible under the terms of the lease for all deductibles. Furthermore, the hull war policies generally are required to contain full war risk endorsements, including, but not limited to, confiscation (where available), seizure, hijacking and similar forms of retention or terrorist acts.

The Group's leases generally require comprehensive liability insurance, including provisions for death, bodily injury, property damage, passenger liability, baggage liability, cargo liability, mail and aviation general third-party and legal liability and such other provisions reasonably necessary in commercial passenger and cargo airline operations. Such comprehensive liability insurance is generally required to have combined comprehensive single liability limits of not less than U.S.\$500 million or, in the case of a limited number of ATR aircraft, U.S.\$350 million. As a result of the terrorist attacks on 11 September 2001, the insurance market unilaterally imposed a sublimit on each operator's policy for third-party war risk liability in the amount of U.S.\$50 million. The Group generally requires each lessee to purchase higher limits of third-party war risk liability or obtain an indemnity from their respective government.

In late 2005, the international aviation insurance market unilaterally introduced exclusions for physical damage to aircraft hulls caused by 'dirty bombs', biohazardous materials and electromagnetic pulsing. Exclusions for the same type of perils could be introduced into liability policies in the future.

Separately, the Group purchases contingent liability insurance and contingent hull insurance on all aircraft in its fleet that are on lease to customers and maintains other insurance covering the specific needs of its business operations.

Historically, the Group's leases were generally insured or reinsured in the primary global insurance markets (London or New York). More recently insurance has increasingly been obtained in other international markets as well and, in some cases, regulations may require that a minimum placement (for example, 10 per cent.) of insurance is obtained in a local market. The Group vets the insurance providers to ensure adequate counterparty risk. DAE believes that the insurance coverage currently carried by the Group's lessees and by the Group provides adequate protection against the accident-related and other covered risks involved in the conduct of the Group's business. However, there can be no assurance that the Group has adequately insured against all risks, or that lessees will at all times comply with their obligations to maintain insurance, or that the Group's lessees' insurers and reinsurers will be or will remain solvent and able to satisfy any claims, or that any particular claim will ultimately be paid or that the Group will be able to procure adequate insurance coverage at commercially reasonable rates in the future. See further "*Risk factors—Risks related to the Group's business and industry—The aircraft in the Group's fleet may not at all times be adequately insured either as a result of lessees failing to maintain sufficient insurance during the course of a lease or insurers not being willing to cover certain risks, which could have a material adverse effect on the Group*".

### **Lease security**

Most of the Group's leases with airline customers require the lessee to provide cash security deposits and/or letters of credit from a reputable financial institution with an investment grade rating. These security deposits and/or letters of credit may be applied or drawn down by the Group if the lessee defaults in the performance of its obligations under the lease or fails to return the aircraft in the agreed condition upon expiration of the lease. Under certain circumstances, the lessee may be required to obtain guarantees or other financial support from an acceptable financial institution or other third parties. All of the Group's leases with airline customers contain extensive provisions regarding the Group's remedies and rights in the event of a default by the lessee and are generally governed by English or New York law. Where applicable, the Group also ensures that its leases are governed by Cape Town Treaty conventions.

### **Lease aircraft maintenance**

Under the Group's leases, the lessee is primarily responsible for maintaining the aircraft; however the Group may incur additional maintenance costs under the lease agreement and accordingly records maintenance reserves as a liability on its balance sheet. These maintenance reserves are funded by contractually required lessee payments. Provided a lessee performs scheduled maintenance of the aircraft in accordance with the terms of the lease contract and has paid the contracted maintenance payments under the lease contract, the Group agrees to contribute from those maintenance payments to the cost incurred by the lessee for scheduled maintenance events. In certain cases, the Group is also required to make lessor contributions, in excess of amounts a lessee may have paid, towards the costs of certain agreed maintenance events performed by or on behalf of the lessee.

### **Subleasing**

The Group's leases with airline customers generally require each aircraft to remain in the possession of the applicable lessee; any sub-lessees of the aircraft generally must be approved by the Group unless, in some leases, certain conditions are met. Under most of the Group's leases, the lessees may enter into charter or "wet lease" arrangements in respect of the aircraft (that is, with crew and services provided by the lessee), so long as the lessee does not part with operational control of the aircraft. Under some of the Group's leases, the lessee is permitted to enter into subleases with specified operators or types of operators without the Group's consent, provided certain conditions are met. The Group's leases also generally permit the lessees to subject the equipment or components to removal or replacement and, in certain cases, to pooling arrangements (temporary borrowing of equipment), without the Group's consent, but subject to any conditions and criteria set out in the applicable lease. Under the Group's leases, the lessee may deliver possession of the aircraft, engines and other equipment or components to the relevant manufacturer for testing or similar purposes, or to a third-party for service, maintenance, repair or other work required or permitted under the lease.

### **Lease tax payments**

Most of the Group's leases with airline customers require the lessee to gross up lease payments where they are subject to withholding and other taxes, although there are some customary exceptions to this obligation, including for taxes that would not have been imposed absent transfers of the aircraft to or by the Group. The Group's leases also require lessees to indemnify the Group for certain other tax liabilities relating to the leases and the aircraft, including, in most cases, value added tax, sales and use taxes and stamp duties.

### **Lease requirements regarding compliance with law**

The air transportation industry is highly regulated. The Group does not operate aircraft, and thus is not directly subject to many industry laws and regulations, such as regulations of the U.S. Department of State (the "DOS"), the U.S. Department of Transportation or their counterpart organizations in other countries regarding the operation of aircraft for public transportation of passengers and property. The Group is subject to government regulation in a number of respects. In addition, the Group's lessees are subject to extensive regulation under the laws of the jurisdictions in which they are registered or operate. These laws govern, among other things, the registration, operation, maintenance and condition of the aircraft.

The Group is required to register or to cause its lessees to register aircraft which the Group acquires and leases to carriers with applicable aviation authorities, such as the FAA in the United States. Each aircraft registered to fly must have a certificate of airworthiness issued by the applicable aviation authority, which is a certification demonstrating the aircraft's compliance with applicable government rules and regulations and that the aircraft is considered airworthy. The Group's lessees are obliged to maintain the certificates of airworthiness for the aircraft they lease and to comply with applicable governmental rules and regulations. When an aircraft is not on lease, the Group maintains the required certification or obtains the required certification in a new jurisdiction.

The Group's involvement with civil aviation authorities consists largely of requests to register and deregister its aircraft on those countries' registries.

The Group is subject to the regulatory authority of the DOS and the U.S. Department of Commerce (the DOC) to the extent such authority relates to the export of aircraft for lease and sale to foreign entities and

the export of parts to be installed on the Group's aircraft. In some cases, the Group is required to obtain export licenses for parts installed in aircraft exported to foreign countries.

The U.S. Department of the Treasury (through its Office of Foreign Assets Control) imposes restrictions on the ability of U.S. companies to deliver goods and services to sanctioned countries and to conduct business with entities in these countries.

Jurisdictions in which aircraft are registered as well as jurisdictions in which they operate may impose regulations relating to noise and emission standards. In addition, most countries' aviation laws require aircraft to be maintained under an approved maintenance program with approved airworthiness oversight. These programs have defined procedures and intervals for inspection, maintenance and repair. To the extent that aircraft are not subject to a lease or a lessee defaults in effecting such compliance, the Group is required to comply with such requirements, often at its own expense.

### **Aircraft trading**

The Group's aircraft trading in furtherance of its portfolio management activities involves purchasing and selling aircraft for use in its leasing business and, to a lesser extent, purchasing aircraft assets designated for sale in the near term and selling such aircraft assets or directly swapping assets with other lessors or financial owners. The Group relies upon a disciplined and measured approach to all elements of risk in each transaction in order to identify the price at which that transaction offers an appropriate balance between risk and return. The Group's strategy is to maximize the returns on its investment by managing its portfolio to generate the maximum lease rates it can and maintain high residual asset values while managing the risk of the aircraft in the portfolio through its effective asset trading capability. The Group's trading activity also enables it to balance its portfolio with respect to asset type and lessee concentration.

In addition to purchasing new aircraft from manufacturers in recent years, the Group also uses its long-standing relationships and market knowledge to originate aircraft from other lessors, trading entities and financial institutions.

### **Acquisition and disposals**

An aircraft's value and its associated lease rates are determined by market conditions and the overall supply and demand for aircraft. However, value and lease rates can vary by aircraft type and age and also depend on other factors such as:

- the number of aircraft in service at the time;
- the number of airlines which operate the aircraft;
- the production status and manufacturer rates of production;
- the aircraft's size, capacity, capability and configuration, as well as the number of variants available in the marketplace;
- the number of aircraft that are currently parked or in storage (a result of either market conditions or an operator decision to park the aircraft, either temporarily or permanently); and
- the life-cycle duration (that is, the potential of the aircraft type to be replaced by a newer model or the availability of upgrades and whether they are retrofittable or not).

Performance against these criteria demonstrates market liquidity of the asset and thus the ease (or difficulty) in placing an aircraft with another operator. The Group can reduce its exposure to certain aircraft types which become illiquid as well as reduce off-lease levels through timely aircraft disposals.

The Group's sales team originates acquisitions and disposals through well-established relationships with airlines, OEMs, other aircraft lessors, financial institutions and brokers as well as other sources including the sale of end-of-life assets to parts companies. DAE believes that sourcing such transactions both globally and through multiple channels provides for a broad and relatively consistent set of opportunities.

## Financing strategy

The successful implementation of the Group's financing strategy is a critical component of the success of its business and the growth of its profitability. The objective of the Group's financing strategy is to source the capital required to operate its business with the most flexibility and in a cost efficient manner while mitigating risks relating to changes in market conditions.

The Group aims to operate its business with prudent liquidity and a well-capitalized balance sheet. It employs a conservative funding strategy by generally seeking to manage leverage and match average debt maturity to average lease maturity and/or disposition strategy to the extent practicable and focusing on minimizing interest costs, interest costs, maintaining prudent leverage levels and staggering its maturities.

The Group intends to fund its business with future earnings and cash flow from operations, existing debt facilities and potential future debt financing from multiple sources, which may include secured and unsecured term debt facilities, export credit backed facilities, unsecured revolving credit facilities, securitization debt and pre-delivery payment and warehouse facility debt, as well as other debt capital markets products. The Group seeks to identify markets and products with favorable and flexible terms as well as to maximize the diversification of funding solutions and to reduce its reliance on any one market or financial institution.

The Group works with a wide variety of financiers, financial institutions and other debt capital providers in sourcing debt and seeks opportunities on a worldwide basis to find the lowest cost of debt possible. The Group currently has ongoing relationships with over 100 lenders in total. In addition, DAE's location gives it strong access to the liquid and growing Middle East bank and capital markets. As at 30 September 2020, the Group had committed financing from 78 financial institutions in 20 countries, with total loans and borrowings (net of debt issuance costs) of U.S.\$7,688.5 million. This outstanding indebtedness comprised senior unsecured notes, recourse and non-recourse term facilities, ECA- and EXIM-backed facilities, unsecured revolving credit facilities and unsecured term facilities, including accrued interest and capital lease obligations.

As at 30 September 2020, the Group had committed financing from 78 financial institutions in 20 countries, with total loans and borrowings (net of debt issuance costs) of U.S.\$7,688.5 million. This outstanding indebtedness comprised recourse and non-recourse term facilities, including accrued interest and capital lease obligations, ECA- and EXIM-backed facilities, unsecured revolving credit facilities, unsecured term facilities, securitization indebtedness, unsecured notes and pre-delivery payment debt.

In addition, as at 30 September 2020, the Group had U.S.\$480.9 million in unrestricted bank balances and cash and U.S.\$1,649.0 million of available borrowings under its credit facilities, subject to compliance with certain covenants.

As at 30 September 2020, the Group's net debt to equity ratio was 2.47:1, its average cost of debt was 4.0 per cent. and the weighted average remaining maturity of its debt was 4.2 years.

## Portfolio risk management

As an operating lessor, the Group bears the risk of re-leasing or selling the aircraft in its fleet in the future. If demand for a particular type of aircraft decreases, market lease rates for such aircraft may fall, and if these conditions continue for an extended period, they may affect the market value of the aircraft in the fleet and may result in an impairment charge. Conversely, if demand increases then market lease rates and sale value may increase. The Group's team of aviation industry professionals manages its assets and remarkets or sells aircraft as required in order to reduce this risk and maximize value. In recent years, the Group has experienced low repossession activity, due in part to its sound risk management strategy over time, although as a result of the COVID-19 pandemic the Group believes that there is an increased risk that some customers may default or become insolvent and that the Group may decide to repossess aircraft, see *"Risk factors—Risks related to the Group's business and industry—The Group is exposed to material and currently not fully quantifiable disruptions arising from the Coronavirus disease 2019 (COVID-19)"*. The Group has instituted a disciplined approach to risk management, asset selection, client selection and portfolio diversification.

The Group maintains an experienced and specialized credit team to manage counterparty credit risk. To do so, the Group uses a 12-grade proprietary credit grading scale mapped to industry ratings. Ratings are

assigned to all of the Group's counterparties based on analysis which covers the strength of ownership, management experience, trading history, strategy, franchise/competitive environment, fleet, operations, financial performance and country risk. The Group also performs site-visit diligence to meet with lessee management. Once a rating is assigned, the credit team monitors the market, the industry and existing customers, as well as prospective customers. The Group's preference is to work with customers to restructure leases that have positive long-term survivability prospects and where the economic value of a continuing stream of lease payments with associated residual value is greater than the value of a repossession coupled with a follow on lease. The Group initiates repossession only as a last recourse but is proactive in repossessing aircraft where conditions warrant.

## **Competition**

The aircraft leasing industry is highly competitive with a landscape of over 40 platform leasing companies and many more medium- to small-scale asset managers and investors. The Group may also encounter competition from other entities that selectively compete with it, including airlines, aircraft manufacturers, financial institutions, aircraft brokers and other investor vehicles designed to invest in aircraft leasing.

The leasing market has seen a number of consolidations in recent years with the mergers of AerCap and ILFC, the merger of Avolon, HKAC and CIT, DAE's acquisition of AWAS and the acquisition of both Aviation Capital Group and Aircastle separately by Japanese investors. While the market is expected to remain fragmented overall, DAE believes that leading lessors will need to have a certain scale to compete effectively across the entire market. The Group's size puts it in the top tier of lessors with the scale and platform capable of competing in all segments of the leasing market.

Competition for a leasing transaction is based principally upon lease rates, delivery dates, lease terms, reputation, management expertise, aircraft condition, specifications and configuration and the availability of the types of aircraft necessary to meet the needs of the customer. The Group also competes with other lessors for aircraft financing commitments, which can impact its ability to compete for a leasing transaction. Some of the Group's competitors have, or may obtain, greater financial resources than the Group has and may have a lower cost of capital. However, DAE believes that the Group is able to compete favorably in aircraft acquisition, leasing and sales activities due to its scale, the reputation and experience of its management, its extensive market contacts and its expertise in sourcing and acquiring aircraft.

## **Employees**

The Group had 1,044 full-time employees as at 30 September 2020 in its offices in Dubai, UAE; Dublin, Ireland; Miami, New York and Seattle in the United States; Singapore; and Amman, Jordan. DAE believes that the Group maintains good employee relations.

## **Facilities**

The Group's headquarters are located at Precinct 4, Level 3, Gate Precinct Building, DIFC, PO Box 506592, Dubai, United Arab Emirates.

## **Regulation**

While the air transportation industry is highly regulated, since the Group does not operate aircraft it is generally not directly subject to most of these regulations. The Group's lessees, however, are subject to extensive regulation under the laws of the jurisdictions in which they are registered and in which they operate. These regulations, among other things, govern the registration, operation and maintenance of the Group's aircraft. Most of the aircraft are registered in the jurisdiction in which the lessee of the aircraft is certified as an air operator. The Group's aircraft are subject to the airworthiness and other standards imposed by its lessees' jurisdictions of operation. Laws affecting the airworthiness of aviation assets are generally designed to ensure that all aircraft and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Most countries' aviation laws require aircraft to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair.

The Group is required to register, and has registered, the aircraft which it acquires and leases to U.S. carriers and to a number of foreign carriers where, by agreement, the aircraft are to be registered in the United States, with the FAA, or in other countries, with such countries' aviation authorities as applicable. Each aircraft registered to fly must have a Certificate of Airworthiness, which is a certificate demonstrating the

aircraft's compliance with applicable government rules and regulations and that the aircraft is considered airworthy, or a ferry flight permit, which is an authorization to operate an aircraft on a specific flight. The Group's lessees are required to maintain proper aircraft registration and Certificates of Airworthiness for the aircraft they lease. When an aircraft is not on lease, the Group is required to maintain registration and the Certificate of Airworthiness.

Significant new requirements with respect to noise, emissions, (including greenhouse requirements), fuel efficiency and other aspects of the Group's aircraft or their operation could cause the value of the Group's aircraft portfolio to decrease. Governmental regulations relating to noise and emissions levels may be imposed not only by the jurisdictions in which the Group's aircraft are registered, possibly as part of the airworthiness requirements, but also in other jurisdictions where the Group's aircraft operate. Any and all of the foregoing regulations could limit the economic life of the Group's aircraft and engines, reduce their value, limit the Group's ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require the Group to make significant additional investments in its aircraft and engines to make them compliant. In addition, the Group's lessees' compliance with current or future legislation, regulations, taxes or duties could result in higher costs and lead to higher ticket prices, which in turn could result in lower demand for travel. This could affect the Group's lessees' ability to make rental and other lease payments and could reduce the value the Group receives for its aircraft upon any disposal.

In addition, under the Group's leases, the Group may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft.

#### **Legal matters**

From time to time, the Group is subject to various legal claims and proceedings incidental to the normal conduct of its business. The Group is not currently a party to any litigation that DAE believes would reasonably be expected to have a material impact on the Group's financial condition.



## **PRINCIPAL SHAREHOLDERS**

DAE is owned by ICD, ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority. ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority are wholly-owned subsidiaries of ICD. ICD therefore directly and indirectly through these companies owns 100 per cent. of DAE. ICD, the principal investment arm of the Government of Dubai, was established in May 2006 under a mandate to consolidate and manage the Government of Dubai's portfolio of commercial companies and investments. It also provides strategic oversight by developing and implementing investment strategy and corporate governance policies with the objective of maximizing stakeholder value for the long-term benefit of Dubai. ICD has a portfolio of assets, both locally and internationally, across a broad spectrum of sectors, including finance and investments, transportation, energy and industrial, real estate and construction, hospitality and leisure, and retail.

ICD established ICD Hospitality & Leisure in 2013 to hold its hospitality assets.

Dubai Silicon Oasis Authority is a free zone whose mission is to "facilitate and promote modern technology-based industries", thus accommodating the region's demand for business set up expansion.

## MANAGEMENT

### DIRECTORS

The table below shows the names and positions of DAE's directors.

Name	Position
His Highness Sheikh Ahmed bin Saeed Al Maktoum.....	Chairman
His Excellency Mohammed AlShaibani .....	Director
Dr. Mohammed AlZarooni.....	Director
Khalifa Hassan AlDaboos.....	Director and Managing Director <sup>(1)</sup>

- (1) The Managing Director of DAE is an official capacity, separate from that of director, created in accordance with the organizational documents and shareholders' agreement of DAE. The responsibilities of the Managing Director include acting as a liaison between the management of DAE and its shareholders.

#### **His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman**

His Highness Sheikh Ahmed bin Saeed Al Maktoum has served as the Chairman of DAE since the inception of the Company in April 2006. His Highness is the President of the Dubai Civil Aviation Authority and the Chairman and Chief Executive of the Emirates Group, which includes Emirates and dnata. His Highness is also the Chairman of flydubai, Dubai Airports, Dubai Duty Free, Dubai World, Noor Investment Group, Noor Takaful, Alliance Insurance, the Emirates National Bank of Dubai, the British University in Dubai, Dubai Air Wing, Dubai Holding LLC, Emirates Literature Foundation, Dubai World Expo 2020 Higher Committee, the Chairman of the Board Trustees of Al Jalilah Foundation for Education and Medical Research, the Vice-Chairman of the Dubai World Trade Centre, the President of Mohammed Bin Rashid University of Medicine and Health Sciences and a member of the boards of directors of the General Civil Aviation Authority of UAE and the Investment Corporation of Dubai. His Highness also holds a number of government positions, including the Chairman of the Dubai Supreme Fiscal Committee, the Chairman of the Supreme Council for Energy, a board member of the Strategic Affairs Council, the Chairman of Free Zones Council of Dubai, the Second Vice-Chairman of the Dubai Executive Council and the Commissioner General of "Dubai Economy" Pillar in Dubai Council.

#### **His Excellency Mohammed AlShaibani, Director**

His Excellency Mohammed AlShaibani has served as a director of DAE since the inception of the Company in April 2006 and is the Vice Chairman of DAE. His Excellency is the Director General of His Highness The Dubai Ruler's Court, a prime government body of Dubai. His Excellency is also the Managing Director of ICD and serves as Vice Chairman of the Supreme Fiscal Committee of Dubai, which oversees Dubai's fiscal policies. His Excellency is a member of Dubai's Executive Council, an entity charged with supervising and supporting Dubai's government bodies and is Deputy Chairman of the Higher Committee of World Expo 2020. His Excellency is Chairman of the Board of Directors at Dubai Islamic Bank, Nakheel and Meydan City Corporation. His Excellency, is also a member of the board of several Dubai Government-related organizations, including Dubai World.

#### **Dr. Mohammed AlZarooni, Director**

Dr. AlZarooni has served as a director of DAE since the inception of the Company in April 2006. Dr. AlZarooni has been the Director General of the Dubai Airport Freezone Authority since 2000 and the Vice Chairman and CEO of the Dubai Silicon Oasis Authority since 2002. Dr. AlZarooni is also the Chairman of the World Free Zones Organization, the Secretary-General of the Dubai Free Zone Council and a member of the Economic Development Committee of the Dubai Executive Council. Dr. AlZarooni has also held positions in the Dubai Department of Civil Aviation and the UAE Ministry of Education. Dr AlZarooni holds a doctorate in Economic Geography from Durham University in the UK and a B.A. from Emirates University in Economic Geography.

#### **Khalifa Hassan AlDaboos, Director and Managing Director**

Mr. AlDaboos has served as a director of DAE since June 2013 and as Managing Director of DAE since December 2009. Mr. AlDaboos is the Deputy CEO of ICD. Mr. AlDaboos is also the Chairman of National

Bonds Corporation PJSC, SmartStream Technologies Group Limited and Aswaaq LLC, and a member of the boards of directors of Kerzner International Holdings Limited, Emirates Investment and Development PSC and Dubai Holding LLC. Mr. AlDaboos has a Bachelor's degree in Computer Information Systems & Management Science from Metropolitan State College in Denver.

The business address of the directors of DAE is the registered office of DAE at Unit 302, Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates.

No director of DAE has any actual or potential conflicts of interest between the director's private interests and the director's duties to DAE.

## **EXECUTIVE OFFICERS**

The table below shows the names and positions of DAE's executive leadership team.

<b>Name</b>	<b>Position in the Group</b>
Firoz Tarapore .....	Chief Executive Officer
David Houlihan .....	President, DAE Capital
Susan Bradford.....	Chief Human Resources Officer, DAE Capital
Jennifer Creevey.....	Chief Financial Officer, DAE Capital
Michael Dowling.....	Chief Risk Officer, DAE Capital
Lesley Jones .....	Chief Legal Officer
Antonio Lopes.....	Chief Technical Officer, DAE Capital
Jennifer Moulton .....	Global Head of Sales, DAE Capital
Alexander Rasnavad.....	Chief Strategy Officer, DAE Capital
Daniel Stone.....	Executive Vice President, DAE Capital
Fiona Taaffe .....	Chief Information Officer, DAE Capital

### **Firoz Tarapore, Chief Executive Officer**

Mr. Tarapore has been the CEO of DAE since June 2013. Mr. Tarapore previously served as the Chief Operating Officer and Chief Financial Officer of DAE and has over 12 years' experience at DAE. Mr. Tarapore is a seasoned finance and operating executive with over 35 years' experience in managing complex, global businesses. Mr. Tarapore holds an MBA in Finance from Wharton School, University of Pennsylvania and a Bachelor of Commerce degree from the University of Bombay.

### **David Houlihan, President, DAE Capital**

Mr. Houlihan was appointed the President of DAE Capital in May 2018. Prior to this appointment, Mr. Houlihan was the Chief Marketing Officer of DAE Capital. Mr. Houlihan joined DAE Capital in June 2014. Mr. Houlihan has 20 years' experience in the aviation industry, is a certified ISTAT aircraft appraiser, a GCAA rated private pilot, is on the Engineering Advisory Board of Emirates Aviation University and holds a Bachelor's degree in Aeronautical Engineering from the University of Limerick.

### **Susan Bradford, Chief Human Resources Officer, DAE Capital**

Ms. Bradford joined AWAS as Vice President, Human Resources in May 2007. AWAS was acquired by the Group in 2017 and Ms. Bradford is now DAE's Chief Human Resources Officer. Ms. Bradford has 14 years' experience at DAE (including AWAS) and over 25 years' experience in human resources. Prior to joining AWAS, Ms. Bradford was the Head of Human Resources at Investment Technology Group ("ITG") for five years. Ms. Bradford joined ITG from GE Money where she held a variety of Human Resource roles including the position of Human Resources Manager for the Irish and European Headquarters business and also worked with Citigroup in Dublin. Ms. Bradford holds a Master's degree in Business Studies

specializing in Human Resources from the Michael Smurfit School of Business, University College Dublin and a Bachelor of Commerce degree from National University of Ireland, Galway.

**Jennifer Creevey, Chief Financial Officer, DAE Capital**

Ms. Creevey was appointed the Chief Financial Officer of DAE Capital in November 2017. Prior to this appointment, Ms. Creevey was Chief Accounting Officer at AWAS and has 12 years' experience at DAE (including AWAS) and more than 25 years' finance experience across a range of sectors, including aircraft leasing, banking and telecommunications, with responsibilities including corporate finance, investor relations, financial control, performance reporting and management accounting. Ms. Creevey is a Fellow of the Chartered Institute of Management Accountants and is a member of the Institute of Directors. Ms. Creevey has an MBA from the Dublin City University.

**Michael Dowling, Chief Risk Officer, DAE Capital**

Mr. Dowling was appointed Chief Risk Officer of DAE Capital in August 2017. With 12 years at DAE and over 20 years' experience in aviation, Mr. Dowling leads the risk and portfolio management functions. During his 12 years at AWAS and subsequently with DAE, Mr. Dowling has held various investment, underwriting and risk roles. Mr. Dowling holds an MBA from the Open University and a Bachelor of Engineering degree from University College Dublin, is a certified ISTAT aircraft appraiser and a chartered engineer with the Institute of Mechanical Engineers.

**Lesley Jones, Chief Legal Officer**

Ms. Jones was appointed as the Chief Legal Officer of DAE in August 2017 and is also the Company Secretary of DAE. Ms. Jones joined DAE in May 2008 and has over 25 years' legal experience. Ms. Jones holds a law degree from Staffordshire University, completed post graduate studies at the College of Law Chester and is admitted as a solicitor in England & Wales.

**Antonio Lopes, Chief Technical Officer, DAE Capital**

Mr. Lopes has worked with the AWAS and subsequently the DAE technical department since 1994 in several different roles including Customer Support Manager, Director of Transitions, SVP Technical Operations and Head of Technical & Asset Management. Prior to joining AWAS, Antonio worked with the airlines VASP and TNT in Brazil. Antonio holds an MBA from Fundacao Getulio Vargas (FGV) in Sao Paulo, Brazil and a BS in Aeronautical Engineering from Instituto Tecnologico de Aeronautica (ITA) in Sao Jose dos Campos, Brazil.

**Jennifer Moulton, Global Head of Sales, DAE Capital**

Ms. Moulton was appointed as Global Head of Sales in August 2019. Prior to this appointment she held the position of Head of Europe and MEASA Sales at DAE Capital. Prior to DAE Capital, Ms. Moulton worked with AWAS for 17 years, most recently as Managing Director EMEA Sales. Prior to AWAS she worked in various aircraft leasing roles at a financial institution and other leasing company. Prior to her aircraft leasing career, she held a number of positions in the audit department of KPMG. Ms. Moulton holds a joint honors Bachelor of Arts degree in Economics and Geography from the University of Dublin, Trinity College. She is a fellow of the Institute of Chartered Accountants in Ireland, as well as a member of the Institute of Directors in Ireland.

**Alexander Rasnavad, Chief Strategy Officer, DAE Capital**

Mr. Rasnavad was appointed Chief Strategy Officer of DAE Capital in September 2018. Prior to this appointment, Mr. Rasnavad was Head of Trading for DAE Capital and AWAS, initially based in Singapore and then in Dublin. Prior to AWAS, Mr. Rasnavad worked on the advisory side with Sky Works Capital in the United States and then in Hong Kong providing advisory services to airlines, lessors and financial institutions on areas of aircraft financing, acquisitions and strategic projects. Mr. Rasnavad has over 15 years' experience in the aviation industry.

**Daniel Stone, Executive Vice President, DAE Capital**

Mr. Stone joined DAE Capital in 2014 and is responsible for overseeing DAE's Aircraft Investor Services unit, a separate unit dedicated to servicing the needs of debt and equity investors in aviation assets. Mr.

Stone also oversees DAE's branding and communications, insurance and lease operations functions. Mr. Stone has more than 20 years' experience in aircraft leasing and financing and holds a Master of Public Policy degree from the University of California at Berkeley and a Bachelor's degree from the Johns Hopkins University.

**Fiona Taaffe, Chief Information Officer, DAE Capital**

Ms. Taaffe was appointed Chief Information Officer in May 2018. Prior to this appointment, Ms. Taaffe was Head of IT and Business Improvement. Ms. Taaffe joined AWAS in 2011. Prior to joining AWAS and subsequently DAE, Ms. Taaffe held the role of European CIO at CIT Vendor Finance. Ms. Taaffe has over 30 years' experience in manufacturing, banking and financial services. Ms. Taaffe holds a Bachelor of Commerce (Hons) degree from University College Galway, a Postgraduate Diploma (Hons) in Computer Science and a Diploma in Advanced Leadership Development from Cranfield University UK and a Diploma in Corporate Direction from the Institute of Directors. Ms. Taaffe is also a member of the Institute of Directors and a Fellow of the Irish Computer Society.

The business address of the executive officers of DAE is the registered office of DAE at Unit 302, Level 3, Gate Precinct Building 4, Dubai International Financial Centre, Dubai, 506592, United Arab Emirates or Block B, Riverside IV, Sir John Rogerson's Quay, Dublin 2, Ireland.

No executive officer of DAE has any actual or potential conflicts of interest between the executive officer's private interests and the executive officer's duties to DAE.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor 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 organized under the New York Banking Law, a member of the Federal Reserve System, a "**banking organization**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of 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 authorized 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 authorized 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 authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorized representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the 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, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC 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 depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

### **Book-Entry Ownership and Payment in Respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Certificate (as defined herein), the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such 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 Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The 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 Fiscal Agent, the Paying Agent, the Registrars 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 Global Certificates**

Transfers of any interests in Notes represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Certificate 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 Global Certificate 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 Global Certificate 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 accountholders, on the other hand, will be effected by the relevant clearing system in accordance with its rules and through action



taken by the relevant Registrar, the Fiscal Agent, the Paying Agent and any custodian ("**Custodian**") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of 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 Global Certificates will be effected through the relevant Registrar, the Fiscal Agent, the Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Clearstream, Luxembourg or Euroclear accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### General

The following is a general description of certain DIFC, EU and U.S. tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those jurisdictions or elsewhere. It is not intended and does not constitute tax advice. 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 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.

### Dubai International Financial Centre

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the "**DIFC Law**"), entities licensed, registered or otherwise authorized to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Issuer under the Notes or payments by the Guarantor under the Guarantee are subject to any DIFC tax, whether by withholding or otherwise.

### The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in 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: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Registered Notes by a U.S. Holder or Non-U.S. Holder (each as defined below) that acquire such Registered Notes at initial issuance, that will hold the Registered Notes as capital assets within the meaning of Section 1221 of the Code (generally assets held for investment), and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of the U.S. federal income tax consequences of every type of Note which may be issued under the Program or the U.S. federal income taxation that may be relevant to the acquisition, ownership or disposition of Registered Notes by particular investors, including alternative minimum tax and Medicare contribution tax consequences. In particular, this summary does not address any U.S. federal income tax consequences other than income tax consequences, such as estate and gift tax consequences, and does not discuss all of the tax considerations

that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks and other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, persons holding Registered Notes through partnerships or other entities treated as fiscally transparent for U.S. federal income tax purposes, tax-exempt organizations, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement, persons who have ceased to be U.S. citizens or to be taxed as U.S. lawful permanent residents and persons that will hold the Registered Notes as part of straddles, hedging, conversion or other integrated transactions, or as part of a synthetic security or constructive sale transaction for U.S. federal income tax purposes).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Registered Notes that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States, the District of Columbia, or any State thereof; (iii) an estate, the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. A "**Non-U.S. Holder**" is a beneficial owner of Registered Notes that is neither a U.S. Holder nor a partnership.

If a partnership (or any other entity treated as fiscally transparent for U.S. federal income tax purposes) holds 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 Code, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

**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, AS WELL AS THE APPLICATION OF THE ALTERNATIVE MINIMUM TAX AND ANY STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.**

#### *Classification of the Notes and Treatment of the Issuer*

The Issuer generally intends to treat Notes issued under the Program as debt. Certain Notes, however, may be treated as some other type of instrument for U.S. federal income tax purposes. The tax treatment of Notes to which a treatment other than debt may apply will be discussed in a supplement to this Base Prospectus. Furthermore, the classification and treatment of amounts received on or in exchange for a Note that is treated as a contingent payment debt instrument is complex and depends upon facts and circumstances at the time the Note is issued and the precise terms and conditions of the Note. This summary does not discuss Notes with a maturity of greater than 30 years, the impact of redenomination of a Note, and Notes that by their terms may be retired for an amount less than their principal amount. Investors are directed to review a further discussion of the terms of the Notes in a relevant supplement to this Base Prospectus (if applicable).

The Issuer expects to be treated as an entity disregarded from its owner for U.S. federal income tax purposes. Accordingly, the Notes are expected to be deemed to be obligations of the Guarantor, rather than the Issuer, for U.S. federal income tax purposes. If the Issuer were to be treated as other than an entity disregarded from its owner for U.S. federal income tax purposes, the consequences to holders of the Notes could materially differ from those discussed herein. The remainder of this disclosure assumes the Issuer will be treated as an entity disregarded from its owner for U.S. federal income tax purposes.

### ***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. A U.S. Holder's basis in a Note will not include the portion of purchase price allocable to the pre-issuance accrued interest. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received. U.S. Holders should consult their own tax advisers with regard to the tax treatment of the pre-issuance accrued interest on a Note.

### ***Payment of interest***

Interest on a Note, 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 a U.S. Holder as ordinary interest income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. 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*") generally will constitute income from sources outside the United States for the purposes of the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

### ***Original issue discount***

#### ***General***

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), generally will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's stated redemption price at maturity over its issue price is equal to or more than a *de minimis* amount (subject to the next sentence, 0.25 per cent. of the 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 "**installment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is 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 will be the first price at which a substantial amount of 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 organizations 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 at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described under "*– Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note (qualified stated interest). 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. 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 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 principal 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 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 "*Original issue discount – General*", with certain modifications. For the 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 amortizable bond premium (described under "*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 its cost, 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 United States Internal Revenue Service ("**IRS**"). However, if the Note has amortizable bond premium, the U.S. Holder will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium (other than debt instruments, the interest on which is excludible from gross income) held as at the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note (as defined below under "*Market discount*"), the electing U.S. Holder will be treated as having made the election discussed under "*Market discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the advisability and consequences of making this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") may bear interest at a qualified floating rate, in which case they may be treated as variable rate debt instruments under the U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a variable rate debt instrument if: (i) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount; (ii) it provides for stated interest, paid or compounded at least annually, at: (a) one or more qualified floating rates; (b) a single fixed rate and one or more qualified floating rates; (c) a single objective rate; or (d) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (iii) it does not provide for any principal payments that are contingent (other than as described in (i) above).

A qualified floating rate is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in

which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An objective rate is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A qualified inverse floating rate is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a current value of that rate. A current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a variable rate debt instrument, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a variable rate debt instrument generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a true discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to: (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a variable rate debt instrument will be converted into an equivalent fixed rate debt instrument for the purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as at the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified

inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a variable rate debt instrument and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as at the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an equivalent fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

#### *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 may 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 realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term 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 realized.

For the 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 installment 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 recognized 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 will

apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount 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 constant yield 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 principal amount (or, for a Discount Note, its stated redemption price at maturity) may elect to treat the excess as amortizable bond premium, in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortize 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. Please see also "*Election to treat all interest as original issue discount*". A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will generally recognize a capital loss when the Note matures.

#### *Purchase, sale and retirement of Notes*

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 that are not qualified stated interest payments; and (ii) the amount of any amortizable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. Amounts realized on the sale or retirement of a Note do not include accrued but unpaid qualified stated interest, which is taxable as interest income to the not previously included in income. Except to the extent described under "*Original issue discount – Market Discount*" or "*Original issue discount – Short-Term Notes*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognized on the sale or retirement 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 rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

#### *Benchmark Event*

Certain terms of the Notes relating to a Benchmark Event could be viewed as contingencies that affect the amount of payments for purposes of the contingent payment debt instrument rules. The Issuer intends to take the position that these terms do not cause the Notes to be contingent payment debt instruments. This determination, however, is not binding on the IRS and if the IRS were to successfully challenge this determination, a U.S. Holder may be subject to the rules discussed below (as described under "*Contingent payment debt instruments*"). U.S. Holders should consult with their tax advisers about the potential impact of these terms in their particular circumstances.

It is possible that a Benchmark Event could be treated as a deemed disposition of Notes by a U.S. Holder in exchange for new notes. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. Depending on their issue price, the new notes may be issued with OID or premium



for U.S. federal income tax purposes. Please see "*Original issue discount – General*" and "*Original issue discount – Notes purchased at a premium*" for a discussion of these rules. Recently released proposed Treasury regulations generally would increase the number of circumstances in which the modification of the terms of a debt instrument will not be treated as a taxable deemed exchange for U.S. federal income tax purposes. Although the proposed Treasury regulations generally will not be effective until the date of publication of a Treasury decision adopting these rules as final regulations in the Federal Register, a taxpayer generally is permitted to elect to rely on these provisions currently so long as the taxpayer and its related parties consistently apply these proposed Treasury regulations prior to that date. U.S. Holders should consult with their tax advisers regarding the potential applicability of these rules to their particular situations.

### ***Contingent payment debt instruments***

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for the purposes of the OID rules), the Notes generally will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Note and the Note's "projected payment schedule" as described below. The comparable yield is determined by the Issuer at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

### **Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay**

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments unless the U.S. Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognize interest equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a Holder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
  - (i) the amount of all previous interest inclusions under the contingent payment debt instrument, over
  - (ii) the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the limitations imposed on miscellaneous deductions (which generally cannot be deducted in taxable years beginning prior to 1 January 2026 and are subject to a 2 per cent. floor limitation for subsequent taxable years). Any net negative adjustment in excess of the amounts

described above will be carried forward to offset future interest in respect of the contingent payment debt instrument or to reduce the amount realized on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Holder on the Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Note. A U.S. Holder generally will treat any gain as interest, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a U.S. Holder recognizes loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS (as described under "*Other reporting requirements*").

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The U.S. Holder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments the payments of interest or principal on which are denominated in or determined by reference to a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, Foreign Currency Contingent Payment Debt Instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Contingent Payment Debt Instruments.

### ***Foreign currency Notes***

#### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the 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 recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the 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 a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the

difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *OID*

OID for each accrual period on a Discount 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 under "*Interest*". Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Market discount*

Market Discount on a 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 recognize U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the disposition or maturity of the 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 recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

#### *Purchase, sale and retirement of Notes*

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and its tax basis in the Note. 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 U.S. dollar cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note: (i) on the date of sale or retirement; and (ii) on the date on which the U.S. Holder acquired the Note. Any exchange rate gain or loss recognized on the sale or retirement of a Note (including any exchange rate gain or loss with respect to the receipt of accrued but unpaid interest and OID in the transaction) shall be realized only to the extent of the total gain or loss realized on the transaction.

### *Disposition of foreign currency*

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### *Substitution of Issuer*

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by a Substitute (as defined in the Conditions). Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the Substitute. In addition, Notes issued by the Substitute may be treated as issued with OID. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

### *Backup withholding and information reporting*

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, exchange, redemption or other disposition of, Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary, may be subject to information reporting to the IRS. Backup withholding in respect of such payments will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status to a paying agent or other intermediary or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required.

### *Other reporting requirements*

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS by attaching Form 8886 to its tax return and retaining a copy of all documents and records relating to the transaction. The scope and application of these rules is not entirely clear and whether an investment in a Note constitutes a "reportable transaction" for any holder depends on the holder's particular circumstances. For example, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of Notes and should be aware that the Group (or other participants in the transaction) may determine that the investor list maintenance requirement applies to the transaction and comply accordingly with this requirement.

**U.S. Holders should consult their own tax advisers regarding any filing or reporting requirements that may apply to their purchase, ownership and disposition of Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.**

### *Taxation of Non-U.S. Holders*

Subject to the discussion below under "*Foreign Account Tax Compliance Act*" and "*Backup withholding and information reporting*", a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S.

Holder of a trade or business in the U.S.; (ii) in the case of any gain realized on the sale or exchange of a Note by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of owning Notes.

#### ***Backup withholding and information reporting***

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, exchange, redemption or other disposition of, Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary, may be subject to information reporting to the IRS. Backup withholding in respect of such payments will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status to a paying agent or other intermediary or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required.

**The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Holder's particular situation. Holders should consult their tax advisers with respect to the tax consequences to them of the ownership and disposition of the Notes, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.**

#### **FATCA**

Pursuant to FATCA, a foreign financial institution may be required to withhold on certain payments it makes ("**foreign passthru payments**", a term not defined as at the date of this Base Prospectus) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published (the "**grandfathering date**") generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts or indemnify any person as a result of any FATCA withholding.

## CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), impose certain restrictions on: (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) that are subject to Part 4 of Subtitle B of Title I of ERISA; (ii) "plans" (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans (together with (i), "**Plans**"); (iii) persons or entities whose underlying assets include, or are deemed to include under the U.S. Department of Labor (the "**DOL**") regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), for purposes of Title I of ERISA, Section 406 of ERISA or Section 4975 of the Code, "plan assets" by reason of a Plan's investment in such persons or entities (each of (i)-(iii), a "**Benefit Plan Investor**"); and (iv) persons who have certain specified relationships to a Plan, including the Plan's fiduciaries and other service providers ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code; collectively, "**Parties in Interest**"). ERISA also imposes certain duties on persons who are fiduciaries of Plans that are subject to Title I of ERISA, and Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and Parties in Interest. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving the assets of a Benefit Plan Investor and Parties in Interest, unless a statutory or administrative exemption is available. Parties in Interest that participate in a non-exempt prohibited transaction may be subject to penalties imposed under ERISA and/or excise taxes imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. In addition, the fiduciary of the Benefit Plan Investor that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

"Governmental plans" (as defined in Section 3(32) of ERISA), "church plans" (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to any federal, state, local or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"). Accordingly, fiduciaries on any such plans should consult with their counsel before purchasing the Notes (or any interest therein).

The Plan Asset Regulation sets out the standards that will apply for determining what constitutes the assets of a Benefit Plan Investor with respect to the Benefit Plan Investor's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Benefit Plan Investor invests in an "**equity interest**" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Benefit Plan Investor's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "**significant**". The Plan Asset Regulation generally defines equity participation in an entity by Benefit Plan Investors as "**significant**" if 25 percent or more of the total value of any class of equity interest in the entity is held by Benefit Plan Investors, excluding any interest held by (i) persons or entities (other than Benefit Plan Investors) that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (ii) "affiliates" thereof (as defined in paragraph (f)(3) of the Plan Asset Regulation). If the assets of the Issuer were deemed to be assets of a Benefit Plan Investor or "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code, the Issuer, and any other party with discretionary authority or control over such assets, would be subject to certain fiduciary obligations under ERISA and certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded.

Accordingly, each initial purchaser and subsequent transferee of the Notes (or any interest therein) and each subsequent transferee will be deemed to have acknowledged, represented, warranted and agreed, by its purchase or holding of the Notes (or any interest therein), that: (A) it is not, and is not acting on behalf of (and for so long as it holds the Notes (or any interest therein) will not be, and will not be acting on behalf of) (i) a Benefit Plan Investor or (ii) a governmental, church or non-U.S. plan that is subject to any Similar

Law, unless, under this subsection (ii), its acquisition, holding and disposition of the Notes (or any interest therein) will not constitute or result in a violation of any applicable Similar Law or subject the Issuer or any transaction thereby to any such Similar Law; and (B) it and any person causing it to acquire any of the Notes (or any interest therein) agrees to indemnify and hold harmless the Issuer Administrator, the Issuer, the Guarantor, the Arrangers and the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a plan subject to any Similar Law. Each fiduciary of a plan subject to Similar Law should consult with its legal or other advisors concerning the potential consequences to the plan under any applicable Similar Law of an investment in the Notes (or any interest therein). This Base Prospectus is not directed to any particular investor, nor does it address the needs of any particular investor.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a program agreement (the "**Program Agreement**") dated 7 January 2021, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes for their own account or for resale to investors and other purchasers at varying pricing relating to prevailing market prices at the time of resale as determined by any Dealer or for resale at a fixed offering price. Any such agreement will extend to those matters stated under the Conditions and "*Summary of Provisions Relating to the Notes while in Global Form*".

In accordance with the terms of the Program Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Program and the issue of Notes under the Program and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

A Dealer may sell the Notes it has purchased from the Issuer as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with such purchase. Such Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. The Dealers may propose initially to offer the Notes at the issue price set forth in the applicable Final Terms. After the initial offering of the Notes, the issue price (in the case of the Notes to be resold at a fixed offering price), the concession and the re-allowance may be changed.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages re-sales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations, stabilizing activities may only be carried on by the Stabilization Manager(s) named in the relevant subscription agreement (or persons acting on behalf of any Stabilization Manager(s)) or, as the case may be, named in the relevant Final Terms, and only for a limited period following the Issue Date of the relevant Tranche of Notes.

Certain of the Dealers and their affiliates are also lenders to the Group and the proceeds of the Notes may be partially or wholly used for the refinancing of the Group's existing indebtedness. Moreover, certain of the Dealers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer, the Guarantor or their respective affiliates routinely hedge their credit exposure to the Issuer, the Guarantor or their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's, the Guarantor's or their respective affiliates' securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



## Transfer Restrictions

***As a result of the following restrictions, purchasers of 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.***

The Notes 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 or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. Each purchaser of Registered Notes (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented, warranted and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB that is also a QP, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs that are also QPs in a minimum principal amount, in each case, of U.S.\$200,000 (or the equivalent amount in a foreign currency) and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is an Institutional Accredited Investor purchasing (or holding) the Notes for its account or for the account of an Institutional Accredited Investor in a minimum principal amount, in each case, of U.S.\$500,000 (or the equivalent amount in a foreign currency) and which has delivered an IAI Investment Letter to the U.S. Registrar that is also a QP; or (c) it is outside the United States and is not a U.S. person;
- (ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers;
- (iii) that it is not formed for the purpose of investing in the Issuer;
- (iv) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;
- (v) that it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (vi) 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 and the Guarantee have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except as set forth below;
- (vii) that, unless it holds an interest in an Unrestricted Global Certificate and is a non-U.S. person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the 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: (a) to the Issuer or any affiliate thereof; (b) inside the United States to a person whom the seller reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP in a transaction meeting the requirements of Rule 144A; (c) to an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is also a QP in a private placement exempt from the registration requirements under the Securities Act; (d) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (e) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or any other available exemption from the registration requirement of the Securities Act; or (f) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (viii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;
- (ix) that Notes initially offered in the United States to QIBs that are also QPs will be represented by one or more Restricted Global Certificates, that Notes offered to Institutional Accredited Investors that are also QPs will be in the form of Definitive IAI Registered Notes ("**Definitive IAI Registered Notes**") and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates;
- (x) that it understands that the Issuer has the power to compel any beneficial owner of Notes represented by a Restricted Global Certificate that is a U.S. person and is not a QIB that is also a QP to sell its interest in such Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honor the transfer of an interest in any Restricted Global Certificate to a U.S. person who is not a QIB that is also a QP. Any purported transfer of an interest in a Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xi) that it understands that the Issuer has the power to compel any beneficial owner of Definitive IAI Registered Notes that is a U.S. person and is not an Institutional Accredited Investor that is also a QP to sell its interest in such Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honor the transfer of a Definitive IAI Registered Note to a U.S. person who is not an Institutional Accredited Investor that is also a QP. Any purported transfer of a Definitive IAI Registered Note to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xii) that it is not, and is not acting on behalf of (and for so long as it holds such Note (or any interest therein) will not be, and will not be acting on behalf of) (i) a Benefit Plan Investor or (ii) a governmental, church or non-U.S. plan that is subject to any Similar Law, unless, under this subsection (ii), its acquisition, holding and disposition of such Note (or any interest therein) will not constitute or result in a violation of any applicable Similar Law or subject the Issuer or any transaction thereby to any such Similar Law. It and any person causing it to acquire any of the Notes (or any interest therein) agrees to indemnify and hold harmless the Issuer Administrator, the Issuer, the Guarantor, the Arrangers and the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a plan subject to any Similar Law. Any purported purchase or transfer of such Note (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*;
- (xiii) that the Notes in registered form, other than the Unrestricted Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT: (1) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "**QIB**") THAT IS ALSO A "**QUALIFIED PURCHASER**" (EACH A "**QP**") (WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**")), AND THE RULES AND REGULATIONS THEREUNDER, PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS THAT ARE QPS IN A MINIMUM PRINCIPAL AMOUNT, IN EACH CASE, OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY); OR (2) IT IS AN INSTITUTIONAL "**ACCREDITED INVESTOR**" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**") THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$500,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN

CURRENCY) AND THAT IT IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE 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 OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS: (I) A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; OR (II) AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP; (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT ("**RULE 144**") (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY.

ANY RESALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP, THE ISSUER MAY: (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO: (I) IS A U.S. PERSON WHO IS A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP, IN EACH CASE, THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT; OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S; OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF: (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE; (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF; OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE.

THIS SECURITY (AND ANY INTEREST HEREIN) MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY, OR ON BEHALF OF, (I) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**")) THAT IS

SUBJECT TO SECTION 4975 OF THE CODE, ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA), FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR A PLAN'S INVESTMENT IN SUCH PERSON OR ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (II) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), UNLESS, UNDER THIS SUBSECTION (II), ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY APPLICABLE SIMILAR LAW OR SUBJECT THE ISSUER OR ANY TRANSACTION THEREBY TO ANY SUCH SIMILAR LAW. EACH PURCHASER OF THE NOTES AND ANY PERSON CAUSING IT TO ACQUIRE ANY OF THE NOTES (OR ANY INTEREST THEREIN) AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER ADMINISTRATOR, THE ISSUER, THE GUARANTOR, THE ARRANGERS AND THE DEALERS AND THEIR RESPECTIVE AFFILIATES FROM ANY COST, DAMAGE OR LOSS INCURRED BY THEM AS A RESULT OF IT BEING OR BEING DEEMED TO BE A BENEFIT PLAN INVESTOR OR A PLAN SUBJECT TO ANY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS SECURITY (OR ANY INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (xiv) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE

DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

- (xv) if it holds an interest in an Unrestricted Global Certificate, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes of the Tranche of which it forms part), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB that is also a QP in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Unrestricted Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

- (xvi) that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; 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.

Please see "*Summary of Provisions Relating to the Notes while in Global Form*".

Institutional Accredited Investors that are also QPs who purchase Notes offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the U.S. Registrar an IAI Investment Letter and will only be entitled to receive definitive IAI Restricted Notes.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of this Base Prospectus and such other information as it deems necessary in order to make its investment decisions;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in this Base Prospectus and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is also a qualified purchaser within the meaning of Section 2(a)(51) of the Investment Company Act and the rules

and regulations thereunder and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor that is also a QP) as to each of which it exercised sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the equivalent amount in a foreign currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or the equivalent amount in a foreign currency) principal amount or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (or the equivalent amount in a foreign currency) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the equivalent amount in a foreign currency) or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (or the equivalent amount in a foreign currency) principal amount of Registered Notes.

The Bearer Notes will bear a legend to the following effect:

"UPON ANY TENDER OF THE ENCLOSED BEARER NOTE TO THE ISSUER OR ITS AGENT FOR PAYMENT, THE ISSUER SHALL REQUIRE A CERTIFICATE REPRESENTING THAT THE BEARER EITHER: (A) WAS NOT AT THE TIME OF ACQUISITION OF THE BEARER NOTE, A U.S. RESIDENT BENEFICIAL OWNER; OR (B) IS, OR WAS AT THE TIME OF ACQUISITION OF THE BEARER NOTE, A U.S. BENEFICIAL OWNER WHO PURCHASED THE NOTES DIRECTLY FROM THE ISSUER WHILE RESIDENT ABROAD, OR IN A *BONA FIDE* SECONDARY MARKET TRANSACTION NOT INVOLVING THE ISSUER, ITS AGENTS, AFFILIATES, OR INTERMEDIARIES".

### **Selling Restrictions**

#### ***Dubai International Financial Centre ("DIFC")***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the DIFC unless such offer is:

- (i) an "**Exempt Offer**" in accordance with the Market Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

#### ***Hong Kong***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any 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: (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to 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.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

### ***Kingdom of Bahrain***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any 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:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund).

### ***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the 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 authorized by the Capital Market Authority to carry on the securities activity of arranging and following a notification to the Capital Market Authority under Article 11 of the KSA Regulations.

The 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 represents and agrees, and each further Dealer appointed under the Program will be required to represent and agree, that any offer of Notes made by it to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of 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 authorized 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 of sale is otherwise in compliance with Article 15 of the KSA Regulations.

### ***Malaysia***

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("CMSA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Notes have not been and will not be offered or sold by it, and no invitation to subscribe for or purchase the Notes has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

### ***Singapore***

This Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold any 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 and 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:

- (A) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37(A) of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### ***State of Kuwait***



Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that no Notes will be offered by it in Kuwait unless all necessary approvals from the Kuwait Capital Markets Authority pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing, and sale, of the Notes.

***State of Qatar (including the Qatar Financial Centre)***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

***Switzerland***

Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that: (i) the Notes may not be publicly offered, sold or advertised by it, directly or indirectly, in or from Switzerland within the meaning of the FinSA; and (ii) neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available by it in Switzerland.

***United Arab Emirates (excluding the DIFC)***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the 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.

***European Economic Area***

***Prohibition of sales to EEA Retail Investors***

Unless the applicable Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, 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 European Economic Area. 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 (the "**Insurance Distribution Directive**"), 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 EU 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 "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not 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 applicable Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (A) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer and/or the Guarantor for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Notes to the public**" in relation to any Notes in any Member 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 "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

### ***United Kingdom***

#### *Prohibition of sales to UK Retail Investors*

Unless the applicable Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, 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 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK 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 "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not 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 applicable Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer and/or the Guarantor for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Notes to the public**" in relation to any Notes 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 "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### *Other UK regulatory restrictions*

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***United States***

Each Dealer acknowledges, and each further Dealer appointed under the Program will be required to acknowledge, that the Notes and the Guarantee 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 or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered and sold and shall not offer and sell Notes of any Series: (i) as part of their distribution at any time; and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, neither it, nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer agrees that at or prior to confirmation of sale of Notes (other than a sale pursuant to Rule 144A under the Securities Act), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of Notes of which such Notes are a part, except in either case in a transaction exempt from or not subject to the registration requirements of the Securities Act to a person: (a) that the seller reasonably believes is a "**qualified institutional buyer**" (within the meaning of Rule 144A under the Securities Act) that is also a "**qualified purchaser**" (as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended); or (b) that is an institutional "**accredited investor**" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is also a qualified purchaser. Terms used above have the meanings given to them by Regulation S under the Securities Act".

Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with any offer and sale of the Notes in the United States.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it is a QIB that is also a QP. Each Dealer may, through its respective U.S. registered broker-dealer affiliates, arrange for the offer and resale of the Notes in the United States only to QIBs that are also QPs or to Institutional Accredited Investors that are also QPs in a transaction not involving any public offering.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has offered and sold and will offer and sell the Notes in the United States only to persons: (i) whom it reasonably believes are QIBs that are also QPs; or (ii) who are Institutional Accredited Investors that are also QPs who, in the case of both (i) and (ii) can represent that: (A) they are either QIBs that are also QPs, or Institutional Accredited Investors that are also QPs, as the case may be; (B) they are not broker-dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (C) they are not a participant-directed employee plan, such as a 401(k) plan; (D) they are acting for their own account, or the account of one or more QIBs or Institutional Accredited Investors, as the case may be, each of which is a QP; (E) they are not formed for the purpose of investing in the Issuer; (F) each account for which they are purchasing will hold and transfer, in the case of QIBs that are also QPs at least U.S.\$200,000 in principal amount of Notes, and in the case of Institutional Accredited Investors that are also QPs at least U.S.\$500,000 in principal amount of Notes at any time; (G) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) they will provide notice of the transfer restrictions set forth in this Base Prospectus to any subsequent transferees.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that neither it, nor any of its affiliates nor any person acting on its or their behalf has entered into and will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of Notes, except with its affiliates or with the prior written consent of the Issuer and the Guarantor.

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) 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.

In addition, unless the Purchase Information or the Subscription Agreement (each as defined in the Program Agreement) relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, in relation to each Tranche of Notes in bearer form, that:

- (i) except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury Regulation section, including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"): (a) 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 U.S. person; and (b) it has not delivered and it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;
- (ii) 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 U.S. person, except as permitted by the D Rules;
- (iii) if it is a U.S. 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. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor U.S. Treasury Regulation section, including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
- (iv) 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 will either: (a) repeat and confirm the representations and agreements contained in paragraphs (i), (ii) and (iii) on such affiliate's behalf; or (b) agree that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (i), (ii) and (iii); and

- (v) it will obtain from any distributor (within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor U.S. Treasury Regulation section, including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) 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 paragraphs (i), (ii), (iii) and (iv) insofar as they relate to the D Rules, as if such distributor were a Dealer.

Terms used in the preceding paragraph have the meanings given to them by the Code and U.S. Treasury regulations promulgated thereunder, including the D Rules.

In addition, to the extent that the Purchase Information or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is "C Rules", under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury Regulation section, including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**"), Notes in bearer form 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 represents and agrees that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, it has not communicated, and shall 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 Notes in bearer form. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder, including the C Rules.

To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Dealers may also arrange for the resale of Notes to persons who are Institutional Accredited Investors who execute and deliver to the U.S. Registrar an IAI Investment Letter and are QPs. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form.

### ***General***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will, to the best of its knowledge and belief, comply in all material respects with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers 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, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor or any of the Dealers represents 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.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer, the Guarantor and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement.

## GENERAL INFORMATION

### Authorization

The establishment of the Program and the issue of the Notes thereunder has been duly authorized by a written resolution of the sole member of the Issuer dated 5 January 2021. The giving of the Guarantee has been duly authorized by a written resolution of the board of directors of the Guarantor dated 5 January 2021.

The Issuer and the Guarantor have each obtained all necessary consents, approvals and authorizations in connection with the issue of the Notes and the execution and performance of their respective obligations under the Notes or the Guarantee, as the case may be.

### Listing of the Notes

Application has been made to the DFSA for Notes issued under the Program to be admitted to the DFSA Official List. An application may be made for any Tranche of Notes to be admitted to trading on Nasdaq Dubai.

### Documents Available

For as long as any Notes issued under the Program are outstanding, copies of the following documents will, when published, be available for inspection in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by Noteholders at the specified offices of the Fiscal Agent in London:

- (i) the constitutional documents of each of the Issuer and the Guarantor;
- (ii) the Financial Statements (as defined in "*Presentation of Financial and Other Information*");
- (iii) the Documents;
- (iv) a copy of this Base Prospectus and any supplements thereto (and any other documents incorporated therein by reference); and
- (v) any future prospectuses, listing particulars, offering circulars and information memoranda, including any Final Terms to this Base Prospectus (and any other documents incorporated herein or therein by reference) (provided that, in the case of any such documents relating to Notes which are not admitted to listing or trading on any stock exchange, copies of such documents will only be available for inspection by the holder of the Notes to which such documents relate).

This Base Prospectus will be available for viewing on the website of Nasdaq Dubai (<http://www.nasdaqdubai.com>).

### Clearing Systems

The 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 and ISIN 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 to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes and the CUSIP and/or CINS numbers for each Tranche of such Notes, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States.

### Legal Entity Identifier (LEI)

The LEI code of the Issuer is 635400SZTPQL3Y1P2C76. The LEI code of the Guarantor is 635400XNBN7SIWOBGI94.

## **Significant or Material Change**

Save as disclosed in "*Description of the Issuer*", there has been no significant change in the financial position or trading position of the Issuer, and there has been no material adverse change in the prospects of the Issuer, in each case since its incorporation on 30 May 2017.

Save as disclosed in "*Risk factors—Risks related to the Group's business and industry—The Group is exposed to material and currently not fully quantifiable disruptions arising from the Coronavirus disease 2019 (COVID-19)*", there has been no significant change in the financial position or trading position of the Guarantor since 30 September 2020 and there has been no material adverse change in the prospects of the Guarantor since 31 December 2019.

## **Legal Proceedings**

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) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

The Guarantor 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 Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Guarantor.

## **Independent Auditors**

Since the date of its incorporation, no financial statements of the Issuer have been prepared. The Issuer has no subsidiaries. The Issuer is not required by the laws of the State of Delaware, and does not intend, to publish audited financial statements or appoint any auditors.

The current independent auditors to the Guarantor are PricewaterhouseCoopers Limited ("**PwC**") whose registered business address is at Al Fattan Currency House, Tower 1, Level 8, Unit 801, DIFC, Dubai, United Arab Emirates. PwC are independent auditors registered to practice as auditors with the Ministry of Economy in the UAE.

The Annual Financial Statements have been prepared in accordance with IFRS and have been audited by PwC without qualification as stated in their respective independent auditor's reports, which are incorporated by reference in this Base Prospectus.

The Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and have been reviewed by PwC without qualification as stated in their independent auditor's review report, which is incorporated by reference in this Base Prospectus.

## **Dealers transacting with the Issuer and the Guarantor**

Certain of the Dealers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments (including the Notes themselves) of the Issuer, the Guarantor or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer, the Guarantor or their respective affiliates routinely hedge their credit exposure to the Issuer, the Guarantor or their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's, the Guarantor's or their respective affiliates' securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire,



long and/or short positions in such securities and instruments. See also "*Subscription and Sale and Transfer and Selling Restrictions*".

**ISSUER**

**DAE Funding LLC**  
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Delaware 19808  
United States of America

**GUARANTOR**

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Dubai  
United Arab Emirates

**FISCAL AGENT, PAYING AGENT, EXCHANGE AGENT AND TRANSFER AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**EURO REGISTRAR**  
(in respect of Unrestricted Notes)

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**U.S. REGISTRAR, U.S. PAYING AGENT  
AND TRANSFER AGENT**  
(in respect of Restricted Notes)

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United States of America

**LEGAL ADVISERS**

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*To the Issuer as to the laws of the State of Delaware*

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**INDEPENDENT AUDITORS**

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United Arab Emirates

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United Kingdom

**Morgan Stanley & Co. International plc**

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