

## IMPORTANT NOTICE

THE ATTACHED BASE LISTING PARTICULARS 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 REGULATIONS (AS DEFINED BELOW)) LOCATED OUTSIDE THE UNITED STATES.

**IMPORTANT: You must read the following before continuing.** The following applies to the attached base listing particulars (the "**Base Listing Particulars**") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Base Listing Particulars. In accessing the attached Base Listing Particulars, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Trustee, the Obligors, the Arrangers and the Dealers (each as defined in the attached Base Listing Particulars) 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 LISTING PARTICULARS 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 REGULATIONS UNDER THE SECURITIES ACT ("**REGULATIONS**")), 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.

ANY SECURITIES DESCRIBED IN THE ATTACHED BASE LISTING PARTICULARS WHICH DO NOT CONSTITUTE "ALTERNATIVE FINANCE INVESTMENT BONDS" ("**AFIBS**") WITHIN THE MEANING OF ARTICLE 77A OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (REGULATED ACTIVITIES) (AMENDMENT) ORDER 2010 WILL REPRESENT INTERESTS IN A COLLECTIVE INVESTMENT SCHEME (AS DEFINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED (THE "**FSMA**")) WHICH HAS NOT BEEN AUTHORISED, RECOGNISED OR OTHERWISE APPROVED BY THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY. ACCORDINGLY, THE BASE LISTING PARTICULARS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM.

THE DISTRIBUTION IN THE UNITED KINGDOM OF THE BASE LISTING PARTICULARS, ANY FINAL TERMS AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED TO, OR DIRECTED AT: (A) IF THE DISTRIBUTION OF THE SECURITIES (WHETHER OR NOT SUCH SECURITIES ARE AFIBS) IS BEING EFFECTED BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS WHO ARE INVESTMENT PROFESSIONALS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "**FINANCIAL PROMOTION ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE FINANCIAL PROMOTION ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE FINANCIAL PROMOTION ORDER; AND (B) IF THE SECURITIES ARE NOT AFIBS AND THE DISTRIBUTION IS EFFECTED BY A PERSON WHO IS AN AUTHORISED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE OF THE CATEGORIES OF INVESTMENT PROFESSIONAL AS DEFINED IN ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (AS AMENDED, THE "**PROMOTION OF CISS ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSON DESCRIBED IN ARTICLE 22 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE PROMOTION OF CISS ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN

ACCORDANCE WITH THE PROMOTION OF CISS ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

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

THE ATTACHED BASE LISTING PARTICULARS 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 LISTING PARTICULARS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED, 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 Listing Particulars or make an investment decision with respect to the Certificates and/or the Guarantee (each as defined in the attached Base Listing Particulars), 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 Listing Particulars is being sent at your request and by accepting the e-mail and accessing the attached Base Listing Particulars, 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 Listing Particulars; and (c) you consent to delivery of the attached Base Listing Particulars and any amendments or supplements thereto by electronic transmission.

By accessing the attached Base Listing Particulars 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 Listing Particulars (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 Certificates.

You are reminded that the attached Base Listing Particulars has been delivered to you on the basis that you are a person into whose possession the attached Base Listing Particulars may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Base Listing Particulars 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 Listing Particulars 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 relevant Arrangers or Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the Trustee or holders of the applicable securities in such jurisdiction.

Under no circumstances shall the attached Base Listing Particulars 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 Listing Particulars who intend to subscribe for or purchase the Certificates are reminded that any subscription or

purchase may only be made on the basis of the information contained in the attached Base Listing Particulars as completed by the applicable Pricing Supplement and/or supplement(s) to the attached Base Listing Particulars (if any). The attached Base Listing Particulars may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the FSMA does not apply.

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

The attached Base Listing Particulars has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Trustee, the Obligors, 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 Listing Particulars distributed to you in electronic format and the hard copy version available to you on request from the Trustee, the Obligors, the Arrangers and the Dealers. Please ensure that your copy is complete. If you received the attached Base Listing Particulars 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.



## EQUATE SUKUK SPC LIMITED

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

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

### Trust Certificate Issuance Programme

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

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

Each Tranche (as defined in "*Terms and Conditions of the Certificates*") of Certificates issued under the Programme will be constituted by: (i) an amended and restated master trust deed dated 10 March 2020 (the "**Master Trust Deed**") entered into between the Trustee, EQUATE Petrochemical Company K.S.C.C. ("**EQUATE**"), The Kuwait Olefins Company K.S.C.C. ("**TKOC**" or the "**Guarantor**" and together with EQUATE, the "**Obligors**") and Citibank N.A., London Branch as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental trust deed in relation to the relevant Tranche (each a "**Supplemental Trust Deed**" and together with the Master Trust Deed, each a "**Trust Deed**"). Certificates of each Tranche confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**").

TKOC has entered into a guarantee (the "**Guarantee**") contained in the Master Trust Deed in favour of the Trustee and the Delegate, pursuant to which TKOC will guarantee the payment and performance obligations of EQUATE under each of the Transaction Documents to which it is a party.

Certificates may only be issued in registered form. The Certificates may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme 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 Listing Particulars to the "**relevant Dealer**" shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Certificates.

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

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

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the approval of this document as Base Listing Particulars, and for the Certificates issued under the Programme to be admitted to the official list of Euronext Dublin (the "**Official List**") and to trading on the Global Exchange Market of Euronext Dublin (the "**Global Exchange Market**"). The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

References in this Base Listing Particulars to Certificates (other than Exempt Certificates) being "listed" (and all related references) shall mean that such Certificates have been admitted to the Official List and to trading on the Global Exchange Market.

Notice of the aggregate nominal amount of the Certificates, profit (if any) payable in respect of the Certificates, the issue price of the Certificates and certain other terms and conditions not contained herein which are applicable to each Tranche of Certificates will be set out in the applicable pricing supplement (the "**Pricing Supplement**") which will be delivered to Euronext Dublin.

The Programme also permits Certificates to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Trustee, the Obligors and the relevant Dealer ("**Exempt Certificates**").

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

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

The rating of certain Tranches of Certificates to be issued under the Programme and the credit rating agency issuing such rating may be specified in the applicable Pricing Supplement. EQUATE has been assigned ratings of Baa2 long term (negative outlook) by Moody's Investors Service Ltd. ("**Moody's**") and BBB+ long-term and A-2 short term (stable outlook) by S&P Global Ratings Europe Limited ("**S&P**").

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

The transaction structure relating to the Certificates (as described in this Base Listing Particulars) has been approved by the Shariah Advisory Board of Citi Islamic Investment Bank E.C., the Global Shariah Supervisory Committee of HSBC Bank Middle East Limited and the KFH Capital Sharia Committee. Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in the approval referred to above is in compliance with their individual standards of compliance with *Shari'a* principles.

	<b>Arrangers</b>	
Citigroup		J.P. Morgan
KFH Capital		MUFG
	NBK Capital	
	<b>Dealers</b>	
Citigroup		First Abu Dhabi Bank
HSBC		J.P. Morgan
KFH Capital		Mizuho Securities
MUFG		NBK Capital
	SMBC Nikko	

The date of this Base Listing Particulars is 10 March 2020

## IMPORTANT NOTICES

This Base Listing Particulars is not a prospectus for the purposes of the Prospectus Regulation. The Global Exchange Market is not a regulated market within the meaning of MiFID II.

The Trustee and the Obligors accept responsibility for the information contained in this Base Listing Particulars. To the best of the knowledge of the Trustee and each Obligor, the information contained in this Base Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The only persons authorised to use this Base Listing Particulars in connection with an offer of Certificates are the relevant Dealers or the Managers (as identified in the relevant subscription agreement), as the case may be.

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

Certain information under the headings "*Risk Factors*", "*Industry Overview*" and "*Overview of Kuwait*" has been extracted from the following public official sources:

- information provided by the Organisation of the Petroleum Exporting Countries ("OPEC"); and
- publications of the Kuwait government and its ministries and departments.

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

The Trustee and each Obligor confirms that all third party information contained in this Base Listing Particulars 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 Listing Particulars is stated where such information appears in this Base Listing Particulars.

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

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Delegate or the Agents accept any responsibility for the contents of this Base Listing Particulars 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 the Delegate or on its behalf in connection with the Trustee, the Obligors, or the issue and offering of the Certificates nor is any liability accepted by them for any acts or omissions of the Trustee, the Obligors or any other person (other than the relevant Dealer) in connection with this Base Listing Particulars or the issue and offering of Certificates under the Programme. Each Arranger, each Dealer, each Agent and the Delegate accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Listing Particulars or any such statement. Neither this Base Listing Particulars, any Pricing Supplement nor any other information supplied in connection with the Programme or any

**Certificates: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Trustee, the Obligors, the Arrangers, the Dealers, the Delegate or the Agents that any recipient of this Base Listing Particulars, any Pricing Supplement or any other information supplied in connection with the Programme or any Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and/or the Obligors. Neither this Base Listing Particulars, any Pricing Supplement nor any other information supplied in connection with the Programme or the issue of any Certificates constitutes an offer or invitation by or on behalf of the Trustee, the Obligors, the Delegate, the Agents or any of the Dealers to any person to subscribe for or to purchase any Certificates.**

**The only persons authorised to use this Base Listing Particulars in connection with an offer of Certificates are the persons named in the relevant subscription agreement as the relevant Managers.**

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

**This Base Listing Particulars does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in the United States or in any jurisdiction, in each case, to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Listing Particulars and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, the Obligors, the Arrangers, the Dealers, the Delegate or the Agents represent that this Base Listing Particulars may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligors, the Arrangers, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Listing Particulars 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 Listing Particulars or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Listing Particulars and the offering and sale of Certificates. In particular, there are restrictions on the distribution of this Base Listing Particulars and the offer, sale or transfer of Certificates in the Dubai International Financial Centre (the "DIFC"), Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, Kuwait, the State of Qatar, Switzerland, the United Arab Emirates (the "UAE") (excluding the DIFC), the United Kingdom and the United States. Please see "*Subscription and Sale and Transfer and Selling Restrictions*".**

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained or incorporated by reference in this Base Listing Particulars or any applicable supplement;**
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact such investment will have on its overall investment portfolio;**

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

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

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

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

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

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

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

#### U.S. INFORMATION

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

Certificates may only be offered or sold in the United States in private transactions: (i) to persons who are QIBs that are also QPs, in transactions exempt from registration under the Securities Act;



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

**NEITHER THE CERTIFICATES 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 CERTIFICATES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE LISTING PARTICULARS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

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

#### **VOLCKER RULE**

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

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

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with any resales or other transfers of Certificates that are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Trustee and each Obligor has undertaken in the Master Trust Deed to furnish, upon the request of a holder of such Certificates or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Certificates remain outstanding as "restricted

securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Trustee and each Obligor is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting requirements pursuant to Rule 12g3-2(b) under the Exchange Act.

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

The Trustee is a prescribed company incorporated in the DIFC and all or a substantial portion of the assets of the Trustee are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Trustee or 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.

EQUATE is a Closed Kuwaiti Shareholding Company established in Kuwait and all or a substantial portion of the assets of EQUATE are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Kuwait upon EQUATE or to enforce judgments against it obtained in courts outside Kuwait predicated upon civil liabilities of EQUATE under laws other than Kuwaiti law, including any judgment predicated upon United States federal securities laws or the securities laws of any state or territory within the United States.

TKOC is a Closed Kuwaiti Shareholding Company established in Kuwait and all or a substantial portion of the assets of TKOC are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Kuwait upon TKOC or to enforce judgments against it obtained in courts outside Kuwait predicated upon civil liabilities of TKOC under laws other than Kuwaiti law, including any judgment predicated upon United States federal securities laws or the securities laws of any state or territory within the United States.

The Certificates and the Transaction Documents (other than the Master Purchase Agreement, the Master Lease Agreement, any Supplemental Purchase Agreement, any Supplemental Lease Agreement, any sale agreement or additional purchase agreement entered into pursuant to the Sale Undertaking, or any sale agreement entered into pursuant to the Purchase Undertaking, which are governed by the laws of Kuwait and subject to the jurisdiction of the courts of Kuwait (the "**Kuwaiti Courts**")) 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.

Investors may have difficulties in enforcing any arbitration awards against the Trustee or either Obligor in the Kuwaiti Courts to the extent that such arbitration award is deemed to be in contravention of Kuwaiti public policy rules and/or in view of the timing and requisite procedural formalities required for enforcing a foreign arbitral award. Moreover, judicial precedent in Kuwait has no binding effect on subsequent decisions and there is no formal system of reporting court decisions in Kuwait. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions. Please see "*Risk Factors—Risks Relating to Enforcement*".

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

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

The CBB has not reviewed, approved or registered this Base Listing Particulars or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Listing Particulars 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 Listing Particulars. No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Listing Particulars 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 Listing Particulars 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 Listing Particulars and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Listing Particulars. Prospective purchasers of Certificates should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Base Listing Particulars, he or she should consult an authorised financial adviser.

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

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

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

The Certificates will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Listing Particulars has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange.

#### **NOTICE TO RESIDENTS OF KUWAIT**

Unless all necessary approvals from the Kuwait Capital Markets Authority (the "**CMA**") pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) (the "**CML Rules**") together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing, and sale of the Certificates, the Certificates may not be offered for sale, nor sold, in Kuwait.

This Base Listing Particulars is not for general circulation to the public in Kuwait nor will the Certificates be sold by way of a public offering in Kuwait. In the event where the Certificates are intended to be purchased onshore in Kuwait, the same may only be so purchased through a licensed person duly authorised to undertake such activity pursuant to the CML Rules. Investors from Kuwait acknowledge that the CMA and all other regulatory bodies in Kuwait assume no responsibility whatsoever for the contents of this Base Listing Particulars and do not approve the contents thereof or verify the validity and accuracy of its contents. The CMA, and all other regulatory bodies in Kuwait, assume no responsibility whatsoever for any damages

that may result from relying (in whole or in part) on the contents of this Base Listing Particulars. Prior to purchasing any Certificates, it is recommended that a prospective holder of any Certificates seeks professional advice from its advisors in respect to the contents of this Base Listing Particulars so as to determine the suitability of purchasing the Certificates.

#### **NOTICE TO UK RESIDENTS**

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this Base Listing Particulars is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

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

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

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information of the Group, the EQUATE Group and TKOC

#### *Overview*

Although EQUATE and TKOC are separate legal entities, they have the same shareholders and have historically operated under common management and control, with TKOC being substantially managed by EQUATE through an operation management services agreement. Accordingly, for operational purposes, the EQUATE Group and TKOC operate as a combined group. However, the EQUATE Group and TKOC are not a consolidated group for the purposes of financial reporting and therefore the Group as a whole does not have consolidated financial statements.

Since the EQUATE Group and TKOC operate as a combined group, the Group has prepared the Combined Financial Statements (as defined below), which are incorporated by reference in this Base Listing Particulars, in order to illustrate the financial performance and condition of the Group as a whole.

In order to align the financial reporting of the Group with its manner of operation, a merger of the EQUATE Group and TKOC (with EQUATE as the surviving entity) is under consideration by the shareholders of EQUATE and TKOC. Although there is no assurance if or when such merger will be implemented, EQUATE and TKOC do not anticipate any changes in their manner of operating as a combined group.

#### *Financial information of the Group, the EQUATE Group and TKOC*

Unless otherwise indicated, the financial position, financial performance and cash flow information included in this Base Listing Particulars relating to the Group has been extracted from: (i) the audited combined financial statements of the Group as at and for the year ended 31 December 2019, including the auditors' report thereon and notes thereto (the "**Combined 2019 Financial Statements**"); and (ii) the audited combined financial statements of the Group as at and for the year ended 31 December 2018 (including comparative information as at and for the year ended 31 December 2017 included therein), including the auditors' report thereon and notes thereto (the "**Combined 2018 Financial Statements**" and, together with the Combined 2019 Financial Statements, the "**Combined Financial Statements**"), which, in each case, are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

The financial position, financial performance and cash flow information included in this Base Listing Particulars relating to the EQUATE Group has been extracted from: (i) the audited consolidated financial statements of the EQUATE Group as at and for the year ended 31 December 2019, including the auditors' report thereon and notes thereto (the "**EQUATE 2019 Financial Statements**"); and (ii) the audited consolidated financial statements of the EQUATE Group as at and for the year ended 31 December 2018 (including comparative information as at and for the year ended 31 December 2017 included therein), including the auditors' report thereon and notes thereto (the "**EQUATE 2018 Financial Statements**" and, together with the EQUATE 2019 Financial Statements, the "**EQUATE Audited Financial Statements**"), which, in each case, are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

The financial position, financial performance and cash flow information included in this Base Listing Particulars relating to TKOC has been extracted from: (i) the audited financial statements of TKOC as at and for the year ended 31 December 2019, including the auditors' report thereon and notes thereto (the "**TKOC 2019 Financial Statements**"); and (ii) the audited financial statements of TKOC as at and for the year ended 31 December 2018 (including comparative information as at and for the year ended 31 December 2017 included therein), including the auditors' report thereon and notes thereto (the "**TKOC 2018 Financial Statements**" and, together with the TKOC 2019 Financial Statements, the "**TKOC Audited Financial Statements**"), which, in each case, are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

The Combined Financial Statements, the EQUATE Financial Statements and the TKOC Financial Statements are collectively referred to in this Base Listing Particulars as the "**Financial Statements**".

The Combined Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by KPMG Safi Al-Mutawa & Partners ("**KPMG Safi**") as stated in the respective audit

reports, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

The EQUATE Audited Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by KPMG Safi as stated in the respective audit reports, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

The TKOC Audited Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by KPMG Safi as stated in the respective audit reports, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

#### ***Non-consolidation of the EQUATE Group and TKOC***

In order to illustrate the financial performance and condition of the Group as a whole, the Group has prepared the Combined Financial Statements by following consolidation principles. The Combined Financial Statements are incorporated by reference in this Base Listing Particulars and set forth the audited combined financial statements of the Group for the years ended 31 December 2019, 2018 and 2017.

The EQUATE Group and TKOC participate in on-going intragroup business and financial transactions with each other, such as the receipt of revenue or the payment of expenses between entities. While intragroup transactions and balances have been eliminated for the purposes of preparing the Combined Financial Statements, they are included in the financial statements presented in the other Financial Statements.

To facilitate the analysis and understanding of the business and financial relationships that exist among the companies comprising the Group, set forth below is a description of the significant intragroup business and financial transactions which would be eliminated upon combination of the EQUATE Group and TKOC:

- the EQUATE Group purchases ethylene from TKOC from time to time. The sales (in the case of TKOC) and cost of sales (in the case of the EQUATE Group) in respect of such intragroup ethylene sale would be eliminated upon combination;
- the EQUATE Group and TKOC have intercompany loans with each other under which, on a net basis, the EQUATE Group is the lender. The finance cost or, as the case may be, finance income with respect to such intercompany loans would be eliminated upon combination; and
- the production facilities of the EQUATE Group and TKOC in Kuwait are integrated. Pursuant to the OMSAs, the EQUATE Group operates and manages TKOC's production facilities and provides maintenance and other services to TKOC in return for a fixed management fee. Pursuant to the MUSAs (as defined in "*Related Party Transactions*"), the EQUATE Group receives from TKOC a reservation right fee that equals the total capital construction costs incurred by the EQUATE Group on the new utilities and infrastructure facilities under the "Olefins II" project (see "*Related Party Transactions*"). Such income (in the case of the EQUATE Group) or expense (in the case of TKOC) (i.e., the portion of management fees and reservation right fees paid to the EQUATE Group by TKOC), would be eliminated upon combination.

See also "*Related Party Transactions*" for a further description of these intragroup transactions.

#### ***Adoption of new accounting standards***

The combined financial information of the Group has been affected by recent accounting changes. For the year ended 31 December 2019, the Group applied IFRS 16 using the modified retrospective approach and hence the comparative information presented for 2018 and 2017 is not restated. Additionally, the disclosure requirements in IFRS 16 have not been applied to comparative information. Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, "Determining whether an Arrangement Contains a Lease". The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Group has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were

not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The impact on the combined statement of profit or loss and other comprehensive income due to adoption of IFRS 16 was a U.S.\$3.0 million decrease in profit from operations.

For the year ended 31 December 2018, the Group adopted IFRS 9 and IFRS 15 for the preparation of its 2018 Combined Financial Statements. IFRS 9 brings together all three aspects of the accounting for financial instruments project. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, but the Group has not restated comparative information for 2017 as permitted by the transitional provisions of the standard. Therefore, the information present for 2017 does not reflect the requirements of IFRS 9 and may affect the comparability of the 2018 financial information to the 2017 financial information. To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For the year ended 31 December 2018, the Group also adopted IFRS 15, which establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. These changes to IFRS 15 did not have a material impact on the accounting policies, financial position or performance of the Group.

See note 2 (*Basis of preparation*) to the 2019 Combined Financial Statements and note 2 (*Basis of preparation*) to the 2018 Combined Financial Statements.

#### **Use of Alternative Performance Measures**

The Group has presented certain information in this Base Listing Particulars based on non-IFRS alternative performance measures. Such alternative performance measures (as defined in the ESMA guidelines (the "**ESMA Guidelines**") on Alternative Performance Measures ("**APMs**")) are presented in this Base Listing Particulars to show the underlying business performance and to enhance comparability between reporting periods.

For the purposes of the ESMA Guidelines, the Group considers that adjusted EBITDA (and adjusted EBITDA margin) of the Group constitute APMs. For a description and reconciliation to the Combined Financial Statements of these APMs, see "*Selected Financial and Other Information*".

Adjusted EBITDA-based measures should not be considered in isolation or viewed as a substitute for operating profit, profit, cash flows from operating activities or other measures of performance or liquidity as defined by IFRS. Adjusted EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. The Group's management has used, and expects to use, Adjusted EBITDA-based measures to assess operating performance and to make decisions about allocating resources among the Group's various business lines. In assessing the Group's overall performance and the performance of each of the Group's business lines, management reviews Adjusted EBITDA-based measures as a general indicator of performance compared to prior periods.

Additionally, the APMs presented by the Group in this Base Listing Particulars are unaudited and have not been prepared in accordance with IFRS, U.S. GAAP or any other accounting standards. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS.

#### **Presentation of Statistical Information and Other Data**

Certain statistical information in this Base Listing Particulars has been derived from a number of publicly available sources.

The statistical information in the section entitled "*Overview of Kuwait*" has been derived from a number of different identified sources. All statistical information provided in that section may differ from that

produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. Certain data set out in the section relating to Kuwait's gross domestic product ("**GDP**") is preliminary and subject to change and certain other historical GDP data set out in that section may also be subject to future adjustment.

### **Historical and Current Market and Industry Data**

Historical and current market data used throughout this Base Listing Particulars were obtained from internal company analysis, consultants' reports and industry publications. In particular, information has been provided by industry consultant IHS Markit Ltd. ("**IHS Markit**"). Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. While the Trustee and the Obligors accept responsibility for the accurate extraction and reproduction of this market data, the Trustee and the Obligors have not independently verified such data and cannot guarantee its accuracy or completeness.

In addition, certain statements in this Base Listing Particulars regarding the petrochemical industry, the Group's position in that industry and the Group's market share are based on internal company estimates, the Group's experience and investigations of market conditions and the Group's review of industry positions. Information relating to actual sales of petrochemical products by third party industry report providers is often based on estimates derived from installed capacity of a company as actual sales figures are not typically published. Accordingly, the Group regularly prepares internal estimates of the Group's market share and market position for management purposes using a combination of third party industry reports, the internal data of the Group and publicly available information relating to the Group's competitors. For example, in relation to the Group's Ethylene Glycol business line, in calculating market position by sales volume the Group has taken into account its own internally produced ethylene glycol, the ethylene glycol the Group sources from Dow and the ethylene glycol the Group purchases on the spot market.

The Trustee and the Obligors cannot provide any assurance that any of the assumptions underlying those statements are accurate or correctly reflect the Group's position in these industries. Similarly, internal company analysis, while believed by the Trustee and the Obligors to be reliable, has not been verified by any independent sources, and none of the Trustee, the Obligors, the Arrangers or the Dealers makes any representation as to the accuracy of such information. While the Trustee and the Obligors are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk Factors*" section in this Base Listing Particulars.

This Base Listing Particulars makes reference to certain information taken from reports prepared by IHS Markit. These reports were generally not prepared specifically for the Group and in most cases relate to general industry analysis. IHS Markit conducted its analysis and prepared its reports utilising reasonable care and skill in applying methods of analysis consistent with normal industry practice. All results are based on information available at the time of review. Changes in factors upon which the review was based could affect the results. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including the actions of government, individuals, third parties and competitors. There is no implied warranty of merchantability or fitness for a particular purpose to apply.

Some of the information on which the IHS Markit reports are based has been provided by others. IHS Markit has utilised such information without verification unless specifically noted otherwise. IHS Markit accepts no liability for errors or inaccuracies in information provided by others.

### **Certain Defined Terms**

Capitalised terms which are used but not defined in any particular section of this Base Listing Particulars will have the meaning attributed thereto in the Conditions or any other section of this Base Listing Particulars. In addition, the following terms as used in this Base Listing Particulars have the meanings defined below:

- references to the "**GCC**" herein are to the Gulf Co-operation Council;
- references to the "**Government**" herein are to the Government of Kuwait;



- references to "**Kuwait**" herein are to the State of Kuwait; and
- references to the "**MENA region**" herein are to the Middle East and North Africa region.

Further, the following terms are used in this Base Listing Particulars to identify certain companies and shall have the meanings set forth below:

- all references to "**BPC**" mean Boubyan Petrochemical Company K.S.C.;
- all references to "**Dow**" mean Dow Europe Holding B.V.;
- all references to "**EQUATE**" mean EQUATE Petrochemical Company K.S.C.C. and all references to the "**EQUATE Group**" mean EQUATE and its consolidated subsidiaries taken as a whole;
- all references to the "**Group**" mean the combined EQUATE Group and TKOC taken as a whole, as if they were a consolidated group. See further "*Business – Group's Corporate Structure*" which illustrates the common shareholding in EQUATE and TKOC;
- all references to "**MEGlobal**" and the "**MEGlobal Group**" mean MEGlobal B.V., MEGlobal Canada and their consolidated subsidiaries taken as a whole;
- all references to "**MEGlobal Canada**" mean MEGlobal Canada ULC and its consolidated subsidiaries taken as a whole;
- all references to "**PIC**" mean Petrochemical Industries Company K.S.C.C.;
- all references to "**QPIC**" mean Al-Qurain Petrochemicals Industries Company K.S.C.; and
- all references to "**TKOC**" mean The Kuwait Olefins Company K.S.C.C.

### **Certain Conventions**

Certain figures and percentages included in this Base Listing Particulars have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

References in this Base Listing Particulars to any entity within the Group holding or making investments in certain entities include the holding and/or the making of investments (as applicable) in such entities through various direct or indirect intermediary corporate or partnership or other structured investment entities.

All references in this Base Listing Particulars to "**U.S. dollars**" and "**U.S.\$**" refer to United States dollars, being the legal currency of the United States of America (the "**United States**" or "**U.S.**") and all references to "**dinar**" and "**KWD**" refer to the Kuwaiti dinar, being the legal currency of Kuwait. In addition, all references to "**AUD**" refer to Australian dollars, being the legal currency of The Commonwealth of Australia; "**CAD**" and "**CA\$**" refer to Canadian dollars, being the legal currency of Canada; "**CHF**" refer to Swiss Francs, being the legal currency of Switzerland; "**EUR**", "**Euro**", "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; "**GBP**", "**Sterling**" and "**£**" refer to pounds sterling, being the legal currency of the United Kingdom and "**JPY**", "**Yen**" and "**¥**" refer to Japanese yen, being the legal currency of Japan.

References to a "**billion**" are to a thousand million.

References in this Base Listing Particulars to one gender shall be deemed to include the other, except where the context does not permit.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Listing Particulars 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 Listing Particulars. The Trustee and the Obligors have based these forward-looking statements on the current view of management of the relevant Group company with respect to future events and financial performance. Although the Trustee and the Obligors believe that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Listing Particulars, if one or more of the risks or uncertainties materialise, including those identified below or otherwise identified in this Base Listing Particulars, or if any of the Trustee's or the Obligors' 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 cyclical nature of the petrochemical industry may reduce the Group's net sales revenue and gross margin;
- the EQUATE Group and TKOC are subject to global economic and financial market conditions;
- volatility in the price of oil and natural gas may adversely impact the EQUATE Group's and TKOC's business, results of operations or financial condition;
- because the EQUATE Group and TKOC are dependent on a small number of suppliers for their raw materials, any disruption in their supply of raw materials may have negative consequences to their supply and production chain;
- conditions affecting transportation of materials may adversely affect the performance of the Group's logistics operations;
- concerns relating to the environmental impact of plastic packaging could lead to reduced demand or legislative action;
- the EQUATE Group and TKOC face significant competition in their industry, whether through efforts of new or current competitors or through consolidation of existing customers, which may adversely affect the EQUATE Group's and/or TKOC's competitive position, sales and overall operations;
- the Group's business is exposed to the risk of product substitution;
- the customer base of the Group's Ethylene Glycol business line is concentrated;
- the EQUATE Group's and TKOC's operations are subject to various environmental and other laws and regulations which could subject them to liabilities or require it to incur significant costs or affect the demand for their products;
- each of the EQUATE Group and TKOC is required to obtain, maintain and renew governmental permits and approvals to operate its businesses. Any failure to obtain, maintain and review such permits and approvals may negatively impact the way in which the Group conducts its business;
- the EQUATE Group's and TKOC's production facilities process some volatile and hazardous materials that subject them to operating risks;

- the Group has a significant amount of indebtedness which could limit its financial flexibility and its ability to access additional financing;
- the EQUATE Group and TKOC may experience difficulties in raising additional capital on favourable terms or at all in the future;
- the EQUATE Group and TKOC may be subject to natural disasters, terrorist activities and/or disruptive geopolitical events and their consequences;
- the EQUATE Group and TKOC may be subject to interruptions or failures in their information technology systems or cyber security attacks;
- the EQUATE Group and TKOC are dependent on maintaining good relations with their employees. Any deterioration in employee relations could impact the EQUATE Group's and TKOC's ability to supply their products;
- the EQUATE Group and TKOC depend on their ability to attract and retain key personnel to implement the Group's business strategy and develop existing or new businesses;
- the Group is exposed to risks related to conducting operations in several different countries;
- each of Dow and PIC exerts a significant degree of control over the Obligors. Their interests may conflict with the interests of the relevant Obligor or the interests of the Certificateholders;
- investing in securities involving emerging markets generally involves a higher degree of risk;
- legal and regulatory systems may create an uncertain environment for investment and business activities; and
- the Obligors' operations in Kuwait are located in a region that is subject to ongoing political and security concerns.

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 Listing Particulars speak only as at the date of this Base Listing Particulars. Without prejudice to any requirements under applicable laws and regulations, the Trustee and the Obligors expressly disclaim any obligation or undertaking to disseminate after the date of this Base Listing Particulars 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.

### **SUPPLEMENTARY LISTING PARTICULARS**

Following the publication of this Base Listing Particulars, a supplement may be prepared by the Trustee and approved by Euronext Dublin. Statements contained in any such supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Listing Particulars. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Listing Particulars. The Trustee and each Obligor have given an undertaking to the Arrangers and Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Base Listing Particulars which is capable of affecting the assessment of any Certificates and whose inclusion in or removal from this Base Listing Particulars is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Trustee and the Obligors, and the rights attaching to the Certificates, the Trustee shall prepare an amendment or supplement to this Base Listing Particulars or publish a replacement Base Listing Particulars for use in connection with any subsequent offering of the Certificates and shall supply to each Arranger and Dealer such number of copies of such supplement hereto as such Arranger and/or Dealer may reasonably request.

## STABILISATION

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

## MIFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

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

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

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

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## OVERVIEW

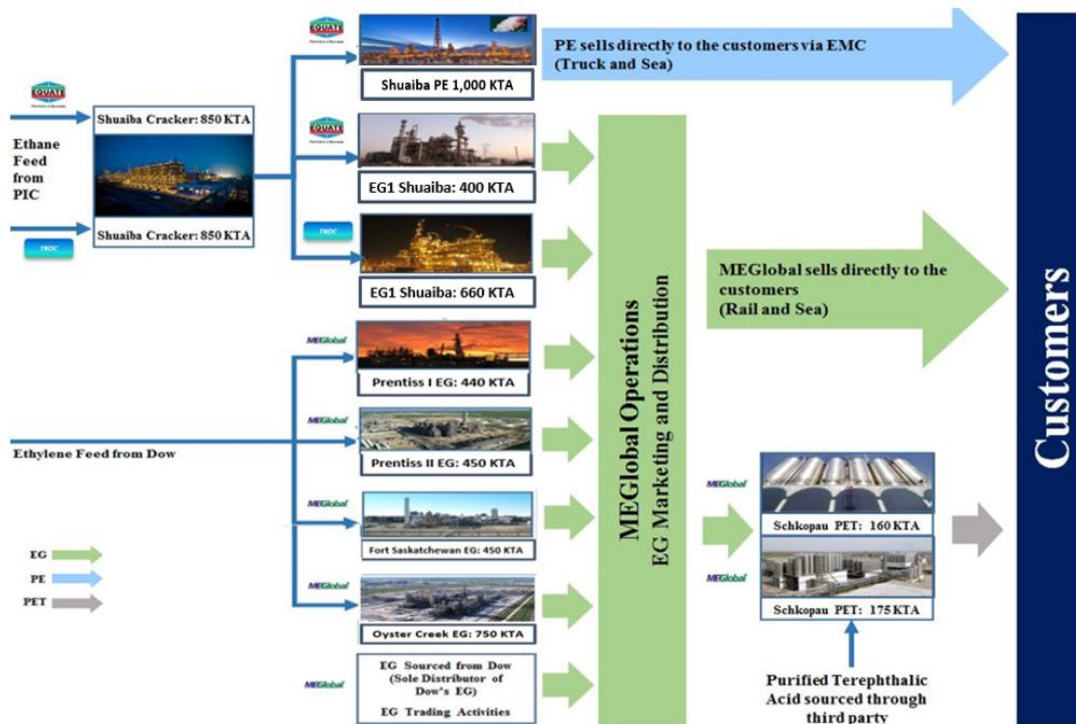
*The following overview is qualified in its entirety by, and is subject to, the more detailed information and Financial Statements, which are incorporated by reference in this Base Listing Particulars (see further "Information Incorporated by Reference"), including the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business", "Description of EQUATE" and "Description of TKOC". To understand the terms of the Certificates, investors should carefully read the Conditions, the applicable Pricing Supplement and the risks of investing in the Certificates under "Risk Factors".*

### Group Overview

The Group is the largest producer of petrochemical products in Kuwait and one of the leading producers of petrochemical products in the Middle East by sales and production volume, according to market reports (including the IHS Markit data in respect of global sales and production volumes cited elsewhere in this Base Listing Particulars). The Group produces, distributes and markets ethylene glycol, polyethylene and their co-products globally, including to Asia, North and South America, the Middle East, Turkey, India, Pakistan and Europe, and produces, distributes and markets polyethylene terephthalate in Europe. As at and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "Presentation of Financial and Other Information – Historical and Current Market and Industry Data").

The Group's business has vertically integrated chemical facilities and production technologies. The Group operates six manufacturing sites in four countries. As at 31 December 2019, the Group's total production capacity was approximately 4,485KTA of which 46 per cent. was in Kuwait, 30 per cent. was in Canada, 7 per cent. was in Germany and 17 per cent. was in the United States.

The manufacturing process and product flow of the Group's integrated facilities are set out below:



The following map sets forth the geographical locations of the Group's production facilities and the Group's product distribution footprint around the globe:



The Group principally operates through three business lines: Ethylene Glycol, Polyethylene and Polyethylene Terephthalate. Each of EQUATE, TKOC and MEGlobal manufactures ethylene glycol. The Group has an ethylene glycol plant in the Shuaiba Industrial Area in Kuwait with a production capacity of 400KTA; an ethylene glycol plant in the Shuaiba Industrial Area in Kuwait with a production capacity of 660KTA; three ethylene glycol plants in Prentiss and Fort Saskatchewan in Alberta, Canada with a combined production capacity of 1,340KTA and one ethylene glycol plant on the Gulf Coast in the United States with a production capacity of 750KTA. EQUATE also produces polyethylene and has a polyethylene plant in the Shuaiba Industrial Area in Kuwait with a production capacity of 1,000KTA. Equipolymers GmbH, a wholly-owned subsidiary of MEGlobal B.V., produces polyethylene terephthalate and has two polyethylene terephthalate plants in Schkopau, Germany with a combined production capacity of 335KTA.

The Group's Ethylene Glycol and Polyethylene business lines use ethane-based ethylene as feedstock. The Group's production facilities in Kuwait source ethane-rich gas from PIC. The ethane-rich gas is processed into ethylene by two ethane crackers each of which are owned by EQUATE and TKOC. These ethane crackers, which have production capacities of 850KTA each, are integrated into the Group's polyethylene and ethylene glycol production facilities in the Shuaiba Industrial Area in Kuwait. The Group's ethylene glycol production facilities in Canada source ethylene from Dow's ethane cracker in Fort Saskatchewan, and this ethylene is transported to MEGlobal Canada's Prentiss and Fort Saskatchewan production facilities by pipeline. The Group's ethylene glycol production facilities in the United States at Oyster Creek, Texas source ethylene from Dow's adjacent ethane cracker, and this ethylene is transported to the Gulf Coast production facilities by pipeline.

The Group benefits from low-cost, high-quality feedstock through long-term supply agreements with its principal shareholders, Dow and PIC, and based on its internal research and market reports, the Group believes that its feedstock costs are highly competitive. See further "*Competitive Strengths – Low cost feedstock under long-term feedstock supply agreements*". In addition, the Group's operations in Kuwait are strategically located near the Shuaiba Industrial Area port and benefit from the competitive rates of power in the Middle East which to date have generally been significantly lower than the cost of utilities in other regions of the world.

Moreover, the Group has a global ethylene glycol supply and distribution platform with regional business centres around the world that support the sales and marketing function of its Ethylene Glycol business line, including in Hong Kong, Shanghai, Dubai, Amsterdam and Houston. The Group's feedstock contracts, integrated facilities and distribution operations position it as a low-cost producer that is able to capture attractive margins across the value chain, with the benefit of certainty of feedstock supply and access to a global distribution platform.

The Group's products are used primarily by other industries as raw materials to produce or manufacture products used in end markets. A significant proportion of the Group's products sales are used in consumer-driven end markets including textiles and food and beverage packaging. The Group believes that these industries are less susceptible than other sectors to economic recessions. See further "*Ethylene Glycol business line – Sales, Marketing and Customers*", "*Polyethylene business line – Sales, Marketing and Customers*" and "*Polyethylene Terephthalate business line – Sales, Marketing and Customers*".

The following chart presents the sales generated by each of the Group's business lines for the year ended 31 December 2019:

<b>Group sales</b>	<b>For the year ended 31 December 2019</b>
	<i>(U.S.\$ million)</i>
Ethylene Glycol.....	2,025
Polyethylene.....	736
Polyethylene Terephthalate .....	354
Others <sup>(1)</sup> .....	231
<b>Total</b> .....	<b>3,346</b>

<sup>(1)</sup> This includes the limited sales that EQUATE generates from the sale of ethylene to The Kuwait Styrene Company ("TKSC") and managing and operating the production facilities of, and providing utilities to, TKSC, the Kuwait Aromatics Company K.S.C.C. ("KARO") and PIC, which amounted to U.S.\$231 million for the year ended 31 December 2019. See further "*Business lines*".

The following chart presents the adjusted EBITDA generated by each of the Group's business lines for the year ended 31 December 2019:

<b>Group adjusted EBITDA<sup>(1)</sup></b>	<b>For the year ended 31 December 2019</b>
	<i>(U.S.\$ million)</i>
Ethylene Glycol.....	751
Polyethylene.....	301
Polyethylene Terephthalate .....	20
Others <sup>(2)</sup> .....	52
<b>Total</b> .....	<b>1,124</b>

<sup>(1)</sup> See "*Presentation of Financial and Other Information – Use of Alternative Performance Measures*" and "*Selected Financial and Other Information*".

<sup>(2)</sup> This total includes the adjusted EBITDA on limited sales that EQUATE generates from the sale of ethylene to TKSC and managing and operating the production facilities of, and providing utilities to, TKSC, KARO and PIC, which amounted to U.S.\$52 million for the year ended 31 December 2019. See further "*Business lines*".

***Ethylene Glycol business line.*** The Group's Ethylene Glycol business line produces, markets and distributes ethylene glycol. As at and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit. See further "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*". For the year ended 31 December 2019, the Group produced 2,974KMT of ethylene glycol. Ethylene glycol and its derivatives play a significant role in the chemicals industry as they can serve as versatile intermediates in a wide range of applications due to their chemical properties. Ethylene glycol is used in the production of a wide range of products including polyester fibre, polyethylene terephthalate resins, automotive liquids, including antifreeze, and other chemical products. The primary products manufactured by the Group's Ethylene Glycol business line are monoethylene glycol ("**MEG**") and diethylene glycol ("**DEG**").

For the year ended 31 December 2019, the Group's Ethylene Glycol business line generated U.S.\$2,025 million in sales, which represented 60.5 per cent. of the Group's total sales.

The Group produces ethylene glycol at its manufacturing sites in Kuwait, Canada and the United States. The following table sets forth the Group's production volumes by product and the manufacturing facility for the periods indicated.



Producer	Business line	Products <sup>(1)</sup>	Place of production	Capacity	Production Volume		
					For the year ended 31 December		
					2019	2018	2017
EQUATE.....	EGs	MEG (92%) DEG (8%)	Shuaiba Industrial Area, Kuwait	400KTA	521KMT	590KMT	561KMT
TKOC.....	EGs	MEG (92%) DEG (8%)	Shuaiba Industrial Area, Kuwait	660KTA	990KMT	973KMT	815KMT
MEGlobal .....	EGs	MEG (91%) DEG (9%)	Prentiss I, Prentiss II, Fort Saskatchewan, Canada USGC, U.S.	440KTA 450KTA 450KTA 750KTA	1,463KMT	1,257KMT	1,277KMT
<b>Total.....</b>				<b>3,150KTA</b>	<b>2,974KMT</b>	<b>2,820KMT</b>	<b>2,653KMT</b>

<sup>(1)</sup> The product percentage split is an approximation. Higher glycols such as triethylene glycol which is a by-product of ethylene glycol production are omitted from product percentage split. Such by-products account for approximately one to two per cent. of total ethylene glycol production volume.

In addition, the Group's Ethylene Glycol business line markets and supplies ethylene glycol and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"). The Group's global ethylene glycol distribution platform has business centres around the world that support the sales and marketing function of its Ethylene Glycol business line, including in Hong Kong, Shanghai, Dubai, Amsterdam and Houston. As a global ethylene glycol market leader that participates in all regions, the Group has the ability to adjust regional ethylene glycol supply and demand imbalances by adjusting ethylene glycol volume supplied to a particular region.

*Polyethylene business line.* The Group's Polyethylene business line produces polyethylene at its manufacturing facility in Kuwait. For the year ended 31 December 2019, the Group produced 716KMT of polyethylene. Polyethylene, including linear low-density polyethylene and high-density polyethylene, is the single largest category of the world's thermoplastics, representing 1 per cent. of the 100MMT global thermoplastic market in 2019 according to IHS Markit. It is a relatively low cost and versatile polymer used in a wide range of moulded and extruded applications such as household and food containers, toys, food and non-food packaging film and sheet. The primary products manufactured by the Group's Polyethylene business line are high-density ("**HDPE**") and linear low-density ("**LLDPE**") grades of polyethylene.

For the year ended 31 December 2019, the Group's Polyethylene business line generated U.S.\$736 million in sales and represented 22 per cent. of the Group's total sales.

The following table sets forth the Group's productions volumes and the manufacturing facility for the periods indicated:

Producer	Business line	Products <sup>(1)</sup>	Place of production	Nameplate capacity	Production Volume		
					For the year ended 31 December		
					2019	2018	2017
EQUATE.....	PE	HDPE (62%) LLDPE (38%)	Shuaiba Industrial Area, Kuwait	1,000KTA	716KMT	779KMT	727KMT

<sup>(1)</sup> The product percentage split can vary from year to year based on production mix.

*Polyethylene Terephthalate business line.* The Group's Polyethylene Terephthalate business line produces polyethylene terephthalate and also distributes and markets polyethylene terephthalate in Europe. For the year ended 31 December 2019, the Group produced 314KMT of polyethylene terephthalate. Polyethylene terephthalate is produced by combining modified ethylene glycol and purified terephthalic acid. It is a widely recycled plastic and comprises a high proportion of post-consumer wastes. Polyethylene terephthalate is used in the production of beverage, food and other liquid containers, and also in the production of extruded films and sheets and thermoforming applications.

For the year ended 31 December 2019, the Group's Polyethylene Terephthalate business line generated U.S.\$354 million in sales, which represented 11 per cent. of the Group's total sales.

The Group produces polyethylene terephthalate at its manufacturing site in Germany. The following table sets forth the Group's polyethylene terephthalate production volumes for its two polyethylene terephthalate plants located at a single production facility in Germany for the periods indicated:

Producer	Business line	Place of production	Nameplate capacity	Production Volume		
				For the year ended 31 December		
				2019	2018	2017
Equipolymers (a subsidiary of MEGlobal B.V.) .....	PET	Schkopau, Germany	335KTA	314KMT	331KMT	322KMT

In addition, the Group's Polyethylene Terephthalate business line also markets and distributes polyethylene terephthalate produced by its operations in Germany, primarily to Europe.

### Competitive Strengths

The Group believes that the factors set forth below provide it with a competitive advantage in the markets in which it competes:

**Low-cost feedstock under long-term feedstock supply agreements.** Approximately 92 per cent. of the Group's production capacity uses ethane-based ethylene as feedstock for the production processes in its manufacturing sites, which are located in Kuwait, Canada and the United States. Feedstock is the most significant direct cost associated with the production of ethylene glycol and polyethylene. As a result of the following factors and according to the Group's internal research and market reports, the Group believes it has long-term secure access to feedstock at a cost which it believes is highly competitive compared to naphtha based feedstock.

The Group has access to competitively priced feedstock under long-term supply contracts with its principal shareholders, Dow and PIC. In Kuwait, the Group's production facilities receive first priority to ethane rich gas supplied by PIC from Kuwait National Petroleum Company's associated gas processing plants within the Mina Al-Ahmadi refinery, which is located adjacent to the Group's production facilities in the Shuaiba Industrial Area, under feedstock supply agreements with PIC for an indefinite term. These agreements have been in place since 1 June 1996. In Canada, the Group's production facilities source 95 per cent. of its ethylene requirements from Dow's Fort Saskatchewan (Alberta) ethane cracker under a long-term supply contract with Dow which expires on 30 June 2024 with two five-year extensions exercisable at the Group's sole option. In the United States, the Group's production facilities source 100 per cent. of its ethylene requirements from Dow's Oyster Creek (Texas) ethane cracker under a long-term supply contract with Dow was entered into on 23 December 2015. See further "*Related Party Transactions – Feedstock Supply Agreements*".

Ethylene is typically produced from crackers that use ethane, propane, butane or light naphtha as feedstock. The Group's cracker portfolio is solely ethane-based which the Group believes provides competitive advantages compared to crackers which use products other than ethane. Ethane-based crackers are less capital intensive compared to crackers which use products other than ethane as feedstock. The feedstock conversion to ethylene of an ethane-based cracker is approximately 20 per cent. to 30 per cent. higher than that of light naphtha because ethane-based crackers produce fewer by-products. As a result the Group believes that, at the current levels of crude oil prices, producers who use ethane-based ethylene as feedstock will maintain a significant cost advantage compared to naphtha-based crackers. In particular, the price of ethane-based ethylene from the Middle East is currently among the lowest in the world.

**Fully integrated global platform for the production and distribution of petrochemicals.** The Group has six manufacturing sites on three continents (with production facilities in Kuwait, Canada, Germany and the United States) with a total production capacity of approximately 4,485KTA as at 31 December 2019. Each of these sites is integrated with a major cracker which is either owned by the Group or by a third party. The Group is the largest petrochemicals producer in Kuwait. The Group's sites are located near raw materials, refineries, associated pipeline and (in the case of Kuwait) port infrastructure. As at 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit.

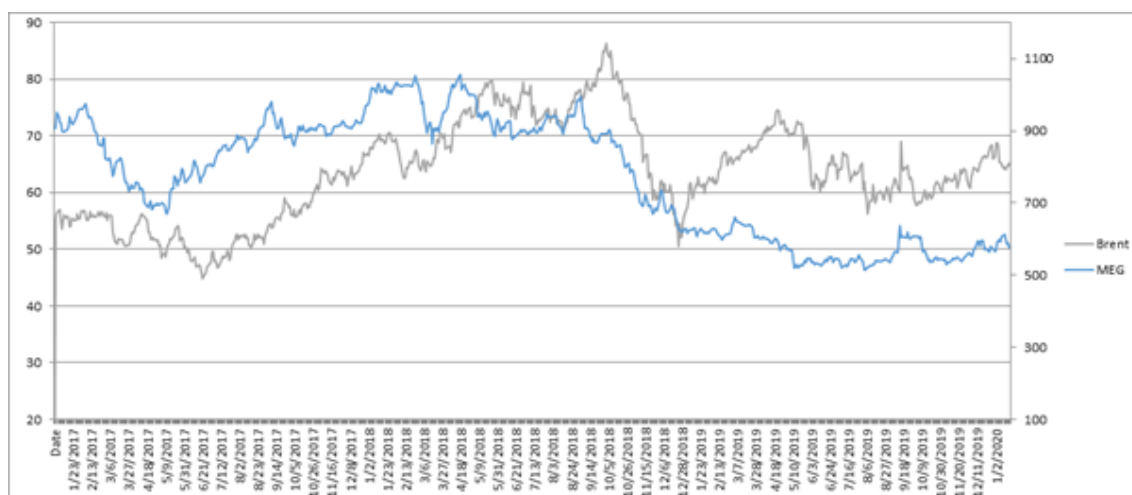
**Favourable economics across the value-chain.** Based on the Group's internal research and market reports, the Group believes that its cost of production is highly competitive as a result of the following factors:

**Strategic locations.** The Group's ethane crackers and downstream petrochemical production units in Kuwait are located adjacent to the Kuwait National Petroleum Company's associated gas processing plant, while the feedstock for the Group's Canadian petrochemical production units are supplied by pipelines connecting the Group's petrochemical production units in Canada with Dow's Fort Saskatchewan (Alberta) ethane cracker. In addition, the Group's new plant in the U.S. Gulf Coast (Oyster Creek, Texas) is located adjacent to Dow's ethane cracker. This allows the Group to reduce its raw material transportation cost. In addition, the Group's production units in Kuwait are strategically located near the Shuaiba Industrial Area port which reduces the Group's logistical cost associated with the export of its products.

**Low-cost utilities.** The Group's manufacturing facilities in Kuwait, which account for more than half of the Group's production, benefit from the competitive rates of utilities in the Middle East which to date have been generally lower than the cost of utilities in other regions of the world, thereby reducing the cost of production in the Group's Kuwaiti operations.

**Global ethylene glycol market leader.** As at 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"). By serving as a global ethylene glycol market leader, the Group can react quickly to market changes (whether in demand, supply or due to tariffs and other factors) and adjust regional supply by redirecting its products from one region to another in order to optimise net sales prices (after adjusting for third party transport costs).

**Strong adjusted EBITDA margin despite challenging market conditions.** The prices of polyethylene and ethylene glycol tend to be correlated with crude oil prices in the long-term. However, 2019 has witnessed declines in the price for ethylene and its major derivatives, including polyethylene and ethylene glycol, relative to crude, in view of the supply demand dynamics whereby supply increases outpaced increases in demand. Nonetheless, crude oil prices remain an important determinant of global ethylene and derivatives production costs, given that major global ethylene production, mostly in Asia, the Indian Subcontinent and Europe, is based on naphtha feedstock. The below chart provides an overview of Brent crude oil price trend in relation to MEG prices:



In 2019, ethylene glycol average prices declined by approximately 36 per cent. compared to the average prices from the previous year. The Group nonetheless posted net profit of U.S.\$638 million, adjusted EBITDA of U.S.\$1,124 million and an adjusted EBITDA margin of 33 per cent. for the year ended 31 December 2019, primarily supported by the Group's competitive advantage in respect of its access to low-cost feedstock and its marketing strategy.

**High barriers to entry.** The petrochemicals industry is in general characterised by high-barriers to entry, including for ethylene glycol production. The construction of new ethylene glycol plants requires a substantial level of capital investment as well as specialised engineering firms with the capacity to build new plants. The Group is able to utilise its technological know-how to effectively implement and execute production capabilities. In addition, there are only three major technology providers for ethylene glycol

production globally giving rise to technological barriers to production know-how. Moreover, operators in the petrochemical industry face significant regulatory compliance costs associated with manufacturing processes which deal with chemical waste and emissions.

**Additional capacity as a result of the new U.S. Gulf Coast plant and upcoming Canadian expansion.** The Group is experienced in the construction of new petrochemical facilities and was involved in the building and construction of the six production facilities that it has across four countries. In October 2019, the Group announced the opening of its newest ethylene glycol plant in the U.S. Gulf Coast which has a capacity of 750KTA. This new plant in the U.S. Gulf Coast produces monoethylene and diethylene glycol and benefits from competitively priced ethylene supply from Dow's adjacent ethane cracker. Additionally, the ethane cracker which supplies the feedstock to the Fort Saskatchewan plant in Canada received approval to expand its productions which is expected to expand the production capacity of the Group's plant by an additional 140KTA per annum following a debottlenecking process at the Group's plant in 2021.

**Strategic importance to shareholders.** The Group enjoys a high level of support from its major shareholders Dow and PIC, who are themselves important players in the global petrochemical industry. The Group is a joint venture between Dow, one of the largest chemical companies in the world by revenue and PIC, an indirect subsidiary owned by the government of Kuwait (the "**Government**"). Each of Dow and PIC owns a 42.5 per cent. equity stake in EQUATE and TKOC. The EQUATE Group and TKOC are important contributors to Kuwait's economy. According to the Kuwait Central Statistical Bureau, as at 31 December 2018, around 94 per cent. of Kuwait's national exports was derived from oil and its by-products, and according to management estimates, the Group contributes a significant portion of Kuwait's non-oil export revenue. As a result, the Group believes that the Group's operations in Kuwait will have the continued support of the Government including by way of provision of a dedicated berth for shipping at the Shuaiba Industrial Area port and competitively priced feedstock. Dow in turn offers the Group global management expertise, access to Dow's production technology and know-how, as well as supply of competitively priced feedstock to the Group's Canadian operations (and its U.S. Gulf Coast operations).

**Diversified geographic end-markets.** The Group's petrochemical products are sold to customers in diverse geographic locations. The following table sets forth the Group's third party sales by region for the year ended 31 December 2019:

	For the year ended 31 December 2019					
	EG	PE	PET	Others	Total	% of Total
	<i>U.S.\$ million, except %</i>					
<b>Revenue by product/services and geography</b>						
Americas .....	337	-	-	-	337	10.1
North Asia.....	894	338	-	-	1,232	36.8
India sub-continental.....	347	36	-	-	383	11.4
Europe.....	297	83	354	-	734	21.9
Rest of the World <sup>(1)</sup> .....	150	279	-	231	660	19.7
<b>External revenue .....</b>	<b>2,025</b>	<b>736</b>	<b>354</b>	<b>231</b>	<b>3,346</b>	<b>100.0</b>

<sup>(1)</sup> Rest of the World includes revenue from sale of products in Kuwait of U.S.\$60 million.

The Group believes such market diversity reduces the Group's reliance on a particular economy or region.

**Experienced management team.** The Group's senior management team and members of its board of directors are appointed by Dow and PIC. The Group's management team has extensive experience in the chemical industry, including in leading companies such as Dow and PIC.

## Business Strategy

**Maintain market leading position in ethylene glycol.** As a global ethylene glycol market leader that participates in all regions, the Group has the ability to react quickly to market changes and adjust regional supply by redirecting its products from one region to another, through its well established customer portfolio and global business relationships, the Group achieves the highest net sales price (after adjusting for third party transport costs). The Group intends to maintain its market-leading position by providing excellent customer service through reliability of supply, leveraging its multi-source supply capability and efficient logistics operations. In addition, the Group adopted an "over-commitment" strategy whereby it

committed to produce, as a contractual obligation, approximately 19 per cent. over its annual production volume of ethylene glycol. This helps support the Group's market leading position and secured ready demand for the additional ethylene glycol production capacity originating from the completion of the U.S. Gulf Coast plant in the fourth quarter of 2019. As a result, the Group has already concluded all the 2020 contracts including the additional U.S. production volumes.

***Maintain direct marketing channels.*** The Group has its own marketing channels and distribution platforms which enables it to sell products manufactured by its Ethylene Glycol business line and Polyethylene Terephthalate business line directly to customers without using third party distributors. The Group intends to maintain such direct sales channels to ensure it captures margin across the value chain. This also enables the Group to develop and maintain long-term relationships with valued customers and allows it to exercise better control over its customer portfolio.

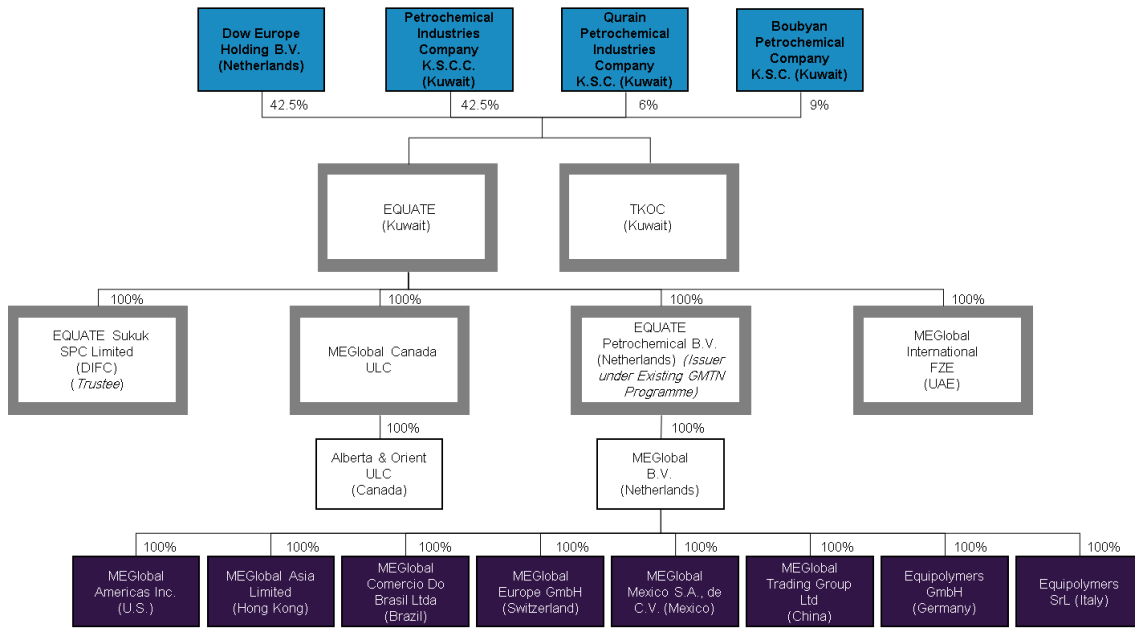
***Selective customer portfolio management.*** The Group actively manages its customer portfolio and selects its customer base by evaluating potential customers against criteria driven by its business strategy, including but not limited to, the value contribution, strategic fit (where relevant), geographical alignment and creditworthiness of potential customers. This helps the Group effectively manage the consistency of its business, maintain its supply position, streamline its receivables as well as concentrate its sales activity on high-value customers.

***Maximise utilisation of assets.*** The Group strives to operate its facilities at full capacity as it believes this allows it to maintain positive margins and cashflows, even during downturns in industry cycles or customer demand, more readily than some of its competitors who have higher production costs. For the year ended 31 December 2019, the Group's production facilities were operating at: a weighted average of 116 per cent. across its ethylene glycol production facilities: 87 per cent. for its polyethylene production facility; and 94 per cent. for its polyethylene terephthalate production facility. The Group seeks to achieve growth in production volume by improving utilisation rates with the defined availability of an asset, improving availability of an asset by minimising planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. The Group has a strong track record of achieving continuous improvements in production capacity through de-bottlenecking and improving catalyst efficiency which has allowed the Group to operate above nameplate capacity.

***Continue to attract talented employees and foster a performance driven culture.*** The Group employs carefully crafted talent and performance management strategies, policies and processes to ensure that the right talent is attracted, engaged, motivated and retained to maximise its performance and contribution to the Group. The Group has long and short-term incentives programmes in place for employees which are designed to motivate individuals and teams to contribute to the Group's strategic objectives.

***Maintain world-class environmental, health and safety ("EH&S") excellence.*** The Group is dedicated to continually improving its EH&S performance. The Group ensures that all employees receive appropriate training, thereby enabling them to effectively contribute to EH&S performance and EH&S improvement processes. It is the Group's policy to design its processes and manufacture and distribute its products in a responsible manner so that its employees, customers, the public and the environment are protected from avoidable risks. The Group's strategy is to continue achieving world-class injury and environmental compliance ratings. Based on the Group's EH&S performance during 2019, the EQUATE Group in Kuwait was Responsible Care® recertified and in 2019 the Group's Canadian facilities were also successfully Responsible Care® recertified. During 2018, the American Society of Safety Engineers, Kuwait chapter, awarded EQUATE with the Platinum Award for EH&S Excellence in Manufacturing as well as the Gold Medal award for winning the Gold Award for five successive years. In 2019, the Group's Canadian facilities were recognised for five years of outstanding safety performance by the Chemistry Industry Association of Canada. This track record has supported the Group's competitive position by expediting regulatory approvals, including for the U.S. Gulf Coast facility and as a marketing tool.

## Group's Corporate Structure



### Description of the Group

Although the Obligors, being EQUATE and TKOC, are separate legal entities, they have the same shareholders and have historically operated under common management and control. See further "*Description of EQUATE*" and "*Description of TKOC*". Each of the Obligors have production facilities in the Shuaiba Industrial Area of Kuwait for the manufacturing of ethylene glycol and (in the case of EQUATE only) polyethylene. See further "*Business*".

MEGlobal Canada (including its subsidiary) was acquired by EQUATE on 23 December 2015. MEGlobal Canada was previously owned by Dow Chemical Canada Inc. and PicCan Holdings Inc. MEGlobal Canada is the holding company of Alberta & Orient Glycol Company LLC which has manufacturing facilities in Canada that specialise in the production of ethylene glycol.

## OVERVIEW OF THE PROGRAMME

*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 Listing Particulars and, in relation to the terms and conditions of any particular Tranche of Certificates, as completed by the applicable Pricing Supplement. The Trustee, the Obligors and any relevant Dealer may agree that Certificates shall be issued in a form other than that contemplated in the terms and conditions of the Certificates as laid out in this Base Listing Particulars (the "Conditions"), in which event, a new Base Listing Particulars, a series listing particulars or a supplement to this Base Listing Particulars, if appropriate, may be made available which will describe the effect of the agreement reached in relation to such Certificates.*

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

<b>Issuer, Trustee, Lessor and Purchaser</b> .....	EQUATE Sukuk SPC Limited, as trustee for and on behalf of the Certificateholders and, in such capacity, as issuer of the Certificates. The Trustee was incorporated as a special purpose company with limited liability in the DIFC on 13 October 2016 with registered number 2286, and subsequently converted to a prescribed company under the Companies Law, DIFC Law No. 5 of 2018 and the Prescribed Company Regulations 2019 on 30 October 2019. Its registered office is at c/o Maples Fund Services (Middle East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party. The Trustee shall on each Issue Date issue the Certificates to the Certificateholders and act as Trustee in respect of the Trust Assets for the benefit of the Certificateholders.
<b>Ownership of the Trustee</b> .....	The authorised share capital of the Trustee is U.S.\$100 consisting of 100 shares of U.S.\$1.00 each, of which 100 shares are fully paid up and issued.
<b>Administration of the Trustee</b> .....	Maples Fund Services (Middle East) Limited, a corporate service provider incorporated in the DIFC acts as the secretary and corporate administrator of the Trustee (in such capacity, the " <b>Corporate Service Provider</b> "). Pursuant to the terms of a corporate services agreement dated 22 November 2016 entered into between the Trustee and the Corporate Service Provider (the " <b>Corporate Services Agreement</b> "), the Corporate Service Provider has agreed to provide, or procure the provision of, certain administrative functions to the Trustee, including registered office, director and alternate director, secretarial, administrative and other services until termination of the Corporate Services Agreement. The offices of the Corporate Service Provider are situated at Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates.
<b>Seller, Lessee, Buyer and Service Agent</b> .....	EQUATE Petrochemical Company K.S.C.C., a Closed Kuwaiti Shareholding Company incorporated in Kuwait with its registered office at EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait.

<b>The Guarantor</b> .....	The Kuwait Olefins Company K.S.C.C., a Closed Kuwaiti Shareholding Company incorporated in Kuwait with its registered office at EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait.
<b>Description</b> .....	U.S.\$2,000,000,000 Trust Certificate Issuance Programme.
<b>Size</b> .....	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies) outstanding at any time (the " <b>Programme Limit</b> "). The Trustee and the Obligors may increase the Programme Limit in accordance with the terms of the Programme Agreement.
<b>Risk Factors</b> .....	<p>There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme, EQUATE's ability to fulfil its obligations under the relevant Transaction Documents and TKOC'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 Certificates issued under the Programme. These include certain risks relating to the structure of a particular Series of Certificates and certain market risks. Please see "<i>Risk Factors</i>".</p>
<b>Arrangers</b> .....	Citigroup Global Markets Limited, J.P. Morgan Securities plc, KFH Capital Investment Company K.S.C.C., MUFG Securities EMEA plc and Watani Investment Company K.S.C.C. (known as "NBK Capital").
<b>Dealers</b> .....	<p>Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank plc, J.P. Morgan Securities plc, KFH Capital Investment Company K.S.C.C., Mizuho International plc, MUFG Securities EMEA plc, SMBC Nikko Capital Markets Limited and Watani Investment Company K.S.C.C. and any other Dealer(s) appointed from time to time in accordance with the terms of the Programme Agreement (as defined herein) or in relation to a particular Tranche of Certificates.</p> <p>The Trustee may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Listing Particulars to "<b>Permanent Dealers</b>" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "<b>Dealers</b>" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
<b>Delegate</b> .....	Citibank N.A., London Branch (the " <b>Delegate</b> "). In accordance with the Master Trust Deed, the Trustee will, <i>inter alia</i> , unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain future powers, authorities and discretions vested in the Trustee by certain provisions in the Master Trust Deed in accordance with the terms of the Master Trust Deed. In addition, pursuant to the Master Trust Deed, certain powers will be vested solely in the Delegate.



<b>Principal Paying Agent, Exchange Agent and Transfer Agent</b> .....	Citibank N.A., London Branch.
<b>Registrar (in respect of Unrestricted Certificates, as defined in the Agency Agreement)</b> .....	Citigroup Global Markets Europe AG.
<b>Registrar (in respect of Restricted Certificates, as defined in the Agency Agreement)</b> .....	Citigroup Global Markets Europe AG.
<b>Method of Issue</b> .....	The Certificates will be issued on a syndicated or non-syndicated basis. The Certificates will be issued in series (each a " <b>Series</b> "), the Certificates of each Series being intended to be interchangeable with all other Certificates of that Series. Each Series may be issued in tranches (each a " <b>Tranche</b> ") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of profit and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the " <b>Pricing Supplement</b> ").
<b>Issue Price</b> .....	The Certificates may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Status of the Certificates and Guarantee</b> .....	The obligations of EQUATE under the Certificates and the relevant Transaction Documents will be unconditionally and irrevocably guaranteed by TKOC. Each Certificate will represent an undivided ownership interest in the Trust Assets of the relevant Series, is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee and will rank <i>pari passu</i> , without preference or priority, with all other Certificates of the relevant Series issued under the Programme.
<b>Form and Delivery of Certificates</b> .....	<p>The Certificates will be issued in registered form only, one Certificate being issued in respect of each Certificateholder's entire holding of Certificates of one Tranche. Certificates sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate (an "<b>Unrestricted Global Certificate</b>"). Each Unrestricted Global Certificate will be deposited with a common depository for, and registered in the name of a nominee for, Euroclear and Clearstream, Luxembourg.</p> <p>Certificates sold in the United States to QIBs that are also QPs will initially be represented by a Restricted Global Certificate (a "<b>Restricted Global Certificate</b>" and together with any Unrestricted Global Certificate, "<b>Global Certificates</b>"). Each Restricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede &amp; Co. as nominee for, DTC.</p> <p>Certificates sold in the United States to Institutional Accredited Investors that are also QPs will initially be represented by an individual definitive Certificate (an "<b>Individual Certificate</b>").</p>

Please see "*Terms and Conditions of the Certificates*" and "*Form of the Certificates*".

<b>Clearing Systems .....</b>	Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg and/or DTC and in relation to any Series, such other clearing system as may be agreed between the Trustee, the Obligors, the relevant Dealer(s), the Principal Paying Agent and the Delegate. Transfers within and between each of Euroclear or Clearstream, Luxembourg and/or DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system.
<b>Initial Delivery of Certificates .....</b>	On or before the issue date for each Tranche, the Global Certificates may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or a custodian for DTC (as applicable). Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system <b>provided that</b> the method of such delivery has been agreed in advance by the Trustee, EQUATE, the Delegate and the relevant Dealer. Certificates that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
<b>Currencies .....</b>	Subject to compliance with all relevant laws, regulations and directives, Certificates may be issued in any currency agreed between the Trustee, EQUATE and the relevant Dealer(s).
<b>Maturities .....</b>	The Certificates will have such maturities as may be agreed between the Trustee, EQUATE and the relevant Dealers, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.
<b>Specified Denomination .....</b>	The Certificates will be in such denominations as may be specified in the applicable Pricing Supplement, subject to compliance with then current laws and regulations and the provisions of the following sentence. Certificates will have a minimum denomination of €100,000 (or its equivalent in other currencies), and: (i) in the case of any Certificates (including Certificates denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; (ii) in the case of any Certificates to be sold in the United States to QIBs that are also QPs, the minimum specified denomination shall be U.S.\$200,000 (or its equivalent in other currencies); and (iii) in the case of any Certificates to be sold in the United States to Institutional Accredited Investors that are also QPs, the minimum specified denomination shall be U.S.\$500,000 (or its equivalent in other currencies).
<b>Trust Assets .....</b>	Pursuant to the relevant Trust Deed for each Series, the Trustee has declared that it will hold the Trust Assets (as defined in Condition 5.1 ( <i>Trust Assets</i> )) upon trust absolutely for, and on

behalf of, the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder.

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

Certificateholders have no recourse to any assets of the Trustee (other than the relevant Trust Assets), EQUATE (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party), TKOC (to the extent that it fulfils its obligations under the Guarantee) or the Delegate or any of their respective affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged following which all obligations of the Trustee, EQUATE and TKOC shall be extinguished.

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

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

**Early Dissolution of the Trust** .... Subject to the applicable Pricing Supplement in respect of each Series, the Trust may be dissolved prior to the Scheduled Dissolution Date upon:

- (a) the occurrence of a Dissolution Event;
- (b) the occurrence of a taxation event (as further specified in Condition 8.2 (*Early Dissolution for Taxation Reasons*));
- (c) all of the Certificates of a relevant Series being redeemed following the exercise by EQUATE of an Optional Dissolution Right;
- (d) upon all of the Certificateholders of a relevant Series exercising the Certificateholder Put Right or the Change of Control Put Right;
- (e) upon the occurrence of a Total Loss Event; or
- (f) all of the Certificates of the relevant Series being cancelled following the purchase of such Certificates by or on behalf of EQUATE, TKOC and/or any of their respective subsidiaries.

In the case of the events described in paragraphs (a) to (d) above, the Certificates of a Series will be redeemed pursuant to the exercise of the Purchase Undertaking or the Sale Undertaking (as applicable) whereupon EQUATE will purchase from the Trustee the Lease Assets. The relevant exercise price payable upon due exercise of the Purchase Undertaking or the Sale Undertaking (as applicable), together with the Deferred Sale Price, will be used to

**Optional Dissolution Right, the Certificateholder Put Right and the Change of Control Put Right .....**

fund the redemption of the Certificates at an amount equal to the relevant Dissolution Distribution Amount.

The applicable Pricing Supplement issued in respect of each Series of Certificates will state whether such Certificates may be redeemed prior to the Scheduled Dissolution Date at the option of EQUATE (either in whole or in part) or at the option of the Certificateholders, and, if so, the terms applicable to such redemption.

For *Shari'a* reasons, the Optional Dissolution Right, the Certificateholder Put Right and the Change of Control Put Right cannot all be specified as applicable in the applicable Pricing Supplement in respect of any single Series of Certificates.

**Early Dissolution for Tax Reasons.....**

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

**Change of Control Put Option ....**

If so specified in the applicable Pricing Supplement, each holder will have the right to require the redemption of its Certificates if a Change of Control Event occurs. Please see Condition 8.5 (*Dissolution at the Option of Certificateholders (Change of Control Put Right)*).

**Dissolution Events .....**

The Certificates will be subject to certain dissolution events as described in Condition 12 (*Dissolution Events*). Following the occurrence of a Dissolution Event, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Distribution Amount.

**Lease Asset Substitution .....**

EQUATE may (at its discretion), on a Periodic Distribution Date, substitute any Lease Asset in respect of a Series with another tangible asset. EQUATE shall only be allowed to effect such a substitution if the value of the new asset(s) is at least equal to the portion of the relevant Asset Purchase Price (as defined herein) attributable to the Lease Asset(s) to be so substituted. In the event that the substitution is of some but not all of the Lease Assets, the schedule contained in the relevant Supplemental Lease Agreement setting out the Lease Assets shall be updated to reflect such substitution and no further Supplemental Lease Agreement will need to be entered into. In the event that such substitution is of all of the Lease Assets, the existing Supplemental Lease Agreement shall terminate on the relevant Periodic Distribution

Date and a new Supplemental Lease Agreement will be entered into at that time.

**Trustee Covenants**..... The Trustee has agreed to certain restrictive covenants as set out in Condition 6.1 (*Trustee Covenants*).

**Withholding Tax**..... All payments under the Certificates and the Transaction Documents will be made free and clear of withholding taxes of a Relevant Jurisdiction, unless such withholding, deduction or retention is required by law. In that event, the Trustee, EQUATE or TKOC (as applicable) shall pay additional amounts so that the full amount which would otherwise have been due and payable is received, subject to certain customary exceptions.

**Ratings**..... Tranches of Certificates will be rated or unrated. Where a tranche of Certificates is to be rated, such rating (and the credit rating agency issuing such rating) will be specified in the applicable Pricing Supplement.

*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.*

**Governing Law** ..... The Transaction Documents (other than the Master Purchase Agreement, the Master Lease Agreement, any Supplemental Purchase Agreement, any Supplemental Lease Agreement, any sale agreement or additional purchase agreement entered into pursuant to the Sale Undertaking, or any sale agreement entered into pursuant to the Purchase Undertaking, which are governed by Kuwaiti law) are governed by English law.

**Transaction Documents** ..... The Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement, the Master Lease Agreement as supplemented by the applicable Supplemental Lease Agreement, the Sale Undertaking (together with each relevant sale agreement and additional purchase agreement executed upon exercise of the Sale Undertaking), the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking), the Master Murabaha Agreement and the Service Agency Agreement (together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series) (each a "**Transaction Document**" and, together, the "**Transaction Documents**").

**Waiver of Immunity**..... In respect of their respective obligations under the Certificates and the Transaction Documents, the Trustee and the Obligors have waived any right to claim immunity.

**Listing and Admission to Trading**..... Application has been made to Euronext Dublin for the approval of this document as a base listing particulars and for the Certificates issued under the Programme (other than Exempt Notes) to be listed on the Official List and to admit them to trading on the Global Exchange Market, and references to listing shall be construed accordingly.

Euronext Dublin has neither approved nor reviewed information contained in this Base Listing Particulars in connection with Exempt Certificates.

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

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

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

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

See "*Certain ERISA and Related Considerations*".

## RISK FACTORS

*The Trustee and each Obligor believes that the following factors may affect its ability to fulfil its obligations under the Certificates issued under the Programme or the Transaction Documents (as the case may be). All of these factors are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with the Certificates issued under the Programme are also described below. If any of the risks described below actually materialise, the business, results of operations, financial condition or prospects of the Trustee and each Obligor could be materially and adversely affected which, in turn, may affect the Trustee's ability to fulfil its obligations under or in connection with the Certificates and the Obligors' ability to fulfil their obligations under the Transaction Documents. If that were to happen, the trading price of the Certificates could decline and investors could lose all or part of their investment.*

*The Trustee and each Obligor believes that the factors described below represent all the material risks inherent in investing in Certificates issued under the Programme, but the inability of the Trustee to pay Periodic Distribution Amounts or Dissolution Distribution Amounts or any other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee or each Obligor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Listing Particulars and reach their own views prior to making any investment decision.*

### **Risks Relating to the Trustee's Ability to Fulfil its Obligations Under or in Connection with the Certificates**

#### ***The Trustee has a limited operating history and no material assets***

The Trustee is a prescribed company with limited liability incorporated under the laws of the DIFC on 13 October 2016 and has a limited operating history. The Trustee has not as at the date of this Base Listing Particulars, and will not, engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents. As the Trustee is a DIFC company, it may not be possible for Certificateholders to effect service of process on it outside the DIFC.

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

The ability of the Trustee to pay amounts due on the Certificates will be dependent upon receipt by the Trustee from EQUATE or TKOC, as applicable, of amounts to be paid under the Transaction Documents to which each of EQUATE and/or TKOC is a party (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents).

### **Risks Relating to the Obligors' Ability to Fulfil their Obligations under or in Connection with the Transaction Documents**

#### ***The cyclical nature of the petrochemical industry may reduce the Group's net sales revenue and gross margin***

The petrochemical industry behaves according to the cycles of expansion and contraction of the global economy, creating volatility in the prices of both inputs and finished products. Due to this cyclical nature, historically the international petrochemical markets have experienced alternating periods of limited supply, which have caused prices and margins to increase, followed by an expansion of production capacity, which has resulted in oversupply, lower prices and reduced margins. Prices of products are set by reference to the international market prices and international price trends of key commodities such as oil and natural gas. The petrochemical industry has been integrated into these commodities industries globally. However, since the beginning of 2019, the petrochemical industry has experienced a declining price environment even as oil prices increased. For example, the average prices of polyethylene and ethylene glycol sold by the Group decreased by 20 per cent. and 36 per cent., respectively, in the period between 31 December 2018 and 31

December 2019, compared with an increase of 6 per cent. and 5 per cent. from 2017 to 2018, respectively. As a result of the declining price environment in 2019, there has been a general decrease in revenue, net profit and adjusted EBITDA margins across the Group's component entities in 2019. The Obligors cannot predict whether this downward trend will continue. Meanwhile, the Group completed construction of an ethylene glycol plant in the U.S. Gulf coast, which resulted in a significant amount of additional production capacity coming on-stream in late 2019. Other producers in the petrochemical industry, such as Lotte, Sasol, Petronas, Heng Li, Zhejiang Petrochemicals and Formosa, have announced projects to increase the capacity of their ethylene glycol production facilities which are expected to complete over the next few years. This additional capacity is expected to impact the supply-demand balance within the ethylene glycol market, which could cause the average price of ethylene glycol to fall further. See also "*Volatility in the price of oil and natural gas may adversely impact the EQUATE Group's and TKOC's business, results of operations or financial condition*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Operating Results – Supply and Demand Cycle in the Petrochemical Industry*".

In addition, the EQUATE Group's and TKOC's performance is particularly influenced by economic cycles affecting companies in the textiles, packaging (mainly soft beverages and appliances), automotive, personal care, oil and gas and agriculture sectors, among others, as its products are used as chemical intermediates in the manufacturing process of such companies.

The Obligors cannot predict with any measurable accuracy these pricing trends or economic cycles or the duration and dates of such trends and cycles. The EQUATE Group's and TKOC's business, results of operations or financial condition could be adversely affected in the event of an oversupply and excess capacity in the international petrochemical market and a continuation of such trend which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***The EQUATE Group and TKOC are subject to global economic and financial market conditions***

Each of the EQUATE Group and TKOC faces risks attendant to changes in consumer demand for goods that incorporate its products, economic environments, changes in interest rates and instability in securities markets around the world, among other factors. The Obligors cannot predict the future effects of adverse conditions in the global economy and financial markets on the market demand for its products. In particular, a worsening economic climate can result in decreased industrial output and decreased consumer demand for products including, textiles, automobiles, consumer goods, packaging, industrial goods, detergents and agricultural goods, all of which incorporate the EQUATE Group's and/or TKOC's products. Adverse economic conditions can affect consumer and business spending generally, which would result in decreased demand for goods that incorporate the EQUATE Group's and/or TKOC's products.

The Group's financial results are dependent upon the overall economic conditions in Asia, Europe, North and South America and the MENA region. For the year ended 31 December 2019 36.8 per cent. of the Group's sales were in North Asia, 21.9 per cent. in Europe, 11.4 per cent. in India sub-continental and 10.1 per cent. in the Americas. An extended recession in any of these locations or globally, or public perceptions that result in declining economic conditions, could substantially decrease the demand for the EQUATE Group's and/or TKOC's products and adversely affect their business.

An economic recession or a prolonged slowdown in growth in China in particular would affect the Group's business. For the year ended 31 December 2019, 37 per cent. of the Group's revenues were from China. A financial crisis or a prolonged slowdown in growth could adversely and materially affect the Group's sales volume to China. Implementation of protectionist tariffs potentially resulting from trade disputes with other countries could reduce demand for the Group's products within China. Additionally, shifts in policy leading to restricted use of plastic in China could negatively affect the Group's business. This could result in downward pricing pressure and a reduction in the margins for the Group's products. Moreover, the ongoing coronavirus outbreak originating and emanating from China has resulted in the implementation of travel restrictions, quarantines and extended shutdowns of certain businesses in the region. These restrictive measures, if prolonged, could slow national economic development and reduce demand for the EQUATE Group's and/or TKOC's products. The duration, impact and severity of the outbreak cannot be predicted and may be significant, particularly in the short-term.

Since the most recent global financial crisis from 2007 to 2009, the recent sovereign debt crisis in the Eurozone and the "Brexit" referendum held in the United Kingdom on 23 June 2016 in which a majority voted to leave the EU and its subsequent withdrawal on 31 January 2020, the global economy has continued



to experience periods of slowdown, high volatility, diminished liquidity, disruptions in credit markets, reduced business activity, rising unemployment, decline in interest rates and erosion of consumer confidence. Rating agencies have established stricter requirements regarding the rating of debt instruments, which has adversely impacted the availability and cost of credit. Moreover, many of the EQUATE Group's and TKOC's customers rely on access to credit to adequately fund their operations. The inability of such customers to access credit facilities may adversely affect the EQUATE Group's and/or TKOC's business by reducing their sales, increasing their exposure to accounts receivable bad debts and reducing their profitability.

Accordingly, adverse conditions in the global economy and financial markets could adversely affect the EQUATE Group's and TKOC's business, results of operations or financial condition which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

***Volatility in the price of oil and natural gas may adversely impact the EQUATE Group's and TKOC's business, results of operations or financial condition***

The EQUATE Group's and TKOC's business is subject to volatility in the prices of crude oil and natural gas. International prices of oil and natural gas fluctuate due to various factors beyond the EQUATE Group's and TKOC's control. These factors include, but are not limited to:

- changes in the global supply and demand of crude oil and natural gas as well as the petrochemical and chemical products derived therefrom;
- an increase or decrease of oil or natural gas reserves;
- global petrochemical production capacity trends;
- alternative sources of energy;
- global economic trends;
- local and international environmental regulations;
- global weather and environmental conditions;
- currency exchange fluctuations, inflation, local and foreign regulations and political developments in major oil and natural gas producing and consuming countries;
- actions by members of OPEC and other oil exporting countries; and
- the use of derivative financial instruments related to oil and natural gas.

Although increases in the price of oil will in general have a greater impact on the EQUATE Group's and TKOC's competitors who use naphtha as feedstock, increases in the price of natural gas could result in increases to the cost of feedstock for the Group's Canadian and U.S. operations. In addition, a decrease in oil prices may reduce the price of the EQUATE Group's and TKOC's final petrochemical products and the cost base of the EQUATE Group's and TKOC's competitors who use naphtha as feedstock, therefore impacting the EQUATE Group's and TKOC's competitive advantage. The price of crude oil has fluctuated significantly in the past five years. The OPEC Reference Basket prices (which represent a weighted average of oil prices collected from various oil producing countries) in each of 2015, 2016, 2017, 2018 and 2019 were U.S.\$49.49, U.S.\$40.76, U.S.\$52.43, U.S.\$69.78 and U.S.\$64.04, respectively. In the event that the price of crude oil were to decline, this would adversely affect the price of the EQUATE Group's and TKOC's products and their profit margins. Any or both of those events combined with a decrease in demand for the EQUATE Group's and TKOC's petrochemical products could adversely affect their business, results of operations or financial condition which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

***Because the EQUATE Group and TKOC are dependent on a small number of suppliers for their raw materials, any disruption in the supply of raw materials may have negative consequences to their supply and production chain***

The Group's ability to achieve its strategic objectives and its overall performance and prospects depend and will continue to depend, in large part, upon the successful, timely and cost-effective acquisition of raw materials such as ethane rich gas and ethane-based ethylene. The Group's Ethylene Glycol business line and its Polyethylene business line are principally dependent on Dow and PIC for feedstock in North America and Kuwait, respectively. Each of Dow and PIC is a major shareholder in the Group and holds a 42.5 per cent. shareholding in each of EQUATE and TKOC respectively as at the date of this Base Listing Particulars. See also "– Each of Dow and PIC exerts a significant degree of control over the Obligors. Their interests may conflict with the interests of the relevant Obligor or the interests of the Certificateholders".

The availability of these raw materials may be negatively affected by interruptions in production by these suppliers; industrial actions, accidents or other similar events at suppliers' premises or along the supply chain; wars and natural disasters; and the availability of transportation. For instance, supplies of ethane rich gas to the Kuwaiti production facilities by PIC were reduced in April 2016 as a result of industrial actions by PIC's employees at the Mina-Al-Ahmadi refinery. These factors could adversely affect the EQUATE Group's and TKOC's business, results of operations or financial condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***Conditions affecting transportation of materials may adversely affect the performance of the Group's logistics operations***

The Group's logistics operations rely on transportation of materials, including imports and exports of raw materials and finished products, in Kuwait and the United States by sea, and in Canada by railcars, by trucks using overland routes and by pipelines from Prentiss to Blackfalds. Although the Group seeks cost efficiencies by handling large volumes of raw materials, there can be no assurance that these transportation costs will not significantly increase in the future, which may reduce the Group's competitive advantage compared to regional producers.

Any issue affecting cargo transportation by sea, such as special taxes, dangerous conditions or natural disasters, among others, could adversely affect the Group's results of operations or financial condition. For instance, the EQUATE Group's and TKOC's production facilities in Kuwait are reliant on cargo transportation from the Arabian Gulf through the Straits of Hormuz. Geopolitical issues, acts of war, trade blockades and piracy affecting this cargo route could adversely affect the EQUATE Group's and TKOC's (and therefore the Group's) business, results of operation and financial condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

The Group's logistics operations in Canada (which the Group conducts through MEGlobal Canada) rely, in part, on transportation by railcars to ports in Vancouver. There are limited supplier options with respect to railcar operations in Canada with only two operators, Canadian Pacific Railway Limited and Canadian National Railway Company, available. Any interruption in the operations of these two railcar operators could adversely impact MEGlobal Canada's (and therefore the Group's) supply chain operations and delay delivery of its products to its customers, which could adversely affect its (and therefore the Group's) business, results of operations or financial condition. This, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***Concerns relating to the environmental impact of plastic packaging could lead to reduced demand or legislative action***

A large proportion of the EQUATE Group's and TKOC's products are used as raw materials in the production of plastic packaging, including in beverage packaging. Negative public perceptions relating to the use of plastic packaging material due to environmental concerns with respect to the production and disposal of plastic packaging, could reduce demand for the EQUATE Group's and TKOC's products, leading to a reduction in revenues. In particular, concerns regarding environmental sustainability have increased in recent years, including with respect to single-use plastics. In addition, some jurisdictions have introduced and may introduce further legislation to ban, restrict or disincentivise the use of certain types of plastic packaging or products, such as plastic bags and microbeads. A number of countries, including Italy, have introduced regulation to ban the use of polyethylene-based lightweight non-biodegradable plastic bags, while others, including the United Kingdom, have imposed taxes on their use. For example, the EU has

introduced legislation to ban certain single-use cutlery, straws and food containers. Further, in January 2020, China issued policies to ban the use of single-use plastic bags and other single-use plastic items in the hotel and restaurant industry by 2025. Further legislative action could lead to a reduction in demand for the EQUATE Group's and TKOC's products and could adversely affect their business, results of operations or financial condition which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

***The EQUATE Group and TKOC face significant competition in their industry, whether through efforts of new or current competitors or through consolidation of existing customers, which may adversely affect the EQUATE Group's and/or TKOC's competitive position, sales and overall operations***

The markets for most of the EQUATE Group's and TKOC's products are highly competitive. The Group is exposed to the competitive characteristics of several different geographic markets and industries. The Group's principal competitors vary from product to product and range from large global petrochemical companies to numerous smaller regional companies. Some of the Group's competitors are larger and more vertically integrated than the Group (in terms of their upstream and/or downstream processes) and therefore may be able to manufacture products more economically than the Group. In addition, some of the Group's competitors have greater financial, technical, research and technology and marketing resources than it does. As the markets for its products expand, the Group expects that existing competitors may commit more resources to the markets in which it operates, further enhancing competition. Moreover, new products and technologies may develop in the future which compete with the products manufactured and technologies utilised by the Group. All of the above could hinder the Group's ability to compete effectively in the markets in which it operates in the future and its business, results of operations or financial condition may suffer as a result.

Moreover, an increase in competition from domestic Chinese producers due to increases in local capacity from the construction or expansion of domestic chemical production facilities could lead to short-term downward pricing pressure or a reduction in demand for the Group's products in China, an important market for the Group, and could adversely affect its business, results of operations or financial condition.

The above factors may, in turn, affect the Obligor's ability to fulfil their obligations under the Transaction Documents

***The EQUATE Group's and TKOC's business is exposed to the risk of product substitution***

There is no assurance that other types of plastic or material, based on physical properties or for economic, environmental or other reasons, would not substitute ethylene glycol, polyethylene or polyethylene terephthalate in the future. Substitution may be in the form of cardboard, glass or other forms of plastics such as bio-plastics or recycled materials. If there is significant substitution of any of its products, the EQUATE Group's and TKOC's sales would decrease and their business, results of operation or financial condition could be adversely affected which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

***The customer base of the Group's Ethylene Glycol business line is concentrated***

For the year ended 31 December 2019, ethylene glycol sales were 60.5 per cent. of the Group's total sales and sales to the Group's top 20 customers accounted for approximately two-thirds of its total monoethylene glycol sales, while sales to the Group's top 10 customers accounted for over 50.0 per cent. of its total ethylene glycol sales. Accordingly, the loss of all or a substantial portion of the sales volume to a significant customer or end-user could adversely affect the EQUATE Group's and TKOC's business, results of operations or financial condition which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

The Group's Ethylene Glycol business line sells most of its products under annual contract, including with a number of important customers in China. For the year ended 31 December 2019, 44.1 per cent. of the Group's ethylene glycol sales were to customers located in China. See further "*Business Description – Ethylene Glycol – Sales, Marketing and Customers*". No assurance can be provided that all these contracts will remain in place or be renewed on similar terms (or on terms more favourable to the Group). In the event that customers decide to cancel or not renew a contract, or if any significant customer has financial difficulties or is able to integrate its operations to produce its own ethylene glycol, this could adversely

affect the EQUATE Group's and TKOC's business, results of operations or financial condition which, in turn, may affect the Obligators' ability to fulfil their obligations under the Transaction Documents.

***The EQUATE Group's and TKOC's operations are subject to various environmental and other laws and regulations which could subject them to liabilities or require them to incur significant costs or affect the demand for their products***

Each of the EQUATE Group and TKOC is subject to various environmental protection and health and safety laws and regulations governing, among other things, the generation, storage, handling, use, remediation, disposal and transportation of waste and hazardous materials, the emission and discharge of hazardous materials into the ground, air or water, and the health and safety of its employees. In the United States, environmental laws impose liability for releases of hazardous substances without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release, including owners and operators of facilities where the release occurred and those who dispose or arrange for disposal of hazardous substances at third party sites. Changes in environmental protection and health and safety laws and regulations, the enactment of new laws and regulations that are stricter than those currently in force, or a stricter interpretation of existing laws and regulations, may impose new obligations on the EQUATE Group and/or TKOC or result in the need for additional investments related to environmental controls, which could adversely affect the EQUATE Group's and TKOC's business, results of operations or financial condition. This may, in turn, affect the Obligators' ability to fulfil their obligations under the Transaction Documents

The EQUATE Group and TKOC are also required to obtain permits from governmental authorities for certain operations. Chemical producers are sometimes subject to unfavourable market perceptions as a result of the environmental impact of their business, which could adversely affect their results of operations. Thus, environmental laws are not only complex, but they change frequently and tend to become more stringent over time.

While it has budgeted for future capital and operating expenditures to maintain compliance with environmental laws, there can be no assurance that environmental laws will not change or become more stringent in the future, forcing it to make additional expenditures, or that it has been or will be at all times in complete compliance with environmental protection and health and safety law, regulations and permits. If they violate or fail to comply with these laws, regulations or permits, the EQUATE Group and TKOC could be fined or otherwise sanctioned by regulators. The EQUATE Group and TKOC could also be held liable for any and all consequences arising out of human exposure to hazardous substances or other environmental damage. Therefore, there can be no assurance that the EQUATE Group's and/or TKOC's costs of complying with current and future environmental and health and safety laws, or arising from stricter or different interpretations of such laws, and their liabilities arising from past or future releases of, or exposures to, hazardous substances will not adversely affect their business, results of operations or financial condition which, in turn, may affect the Obligators' ability to fulfil their obligations under the Transaction Documents. See further "*Business – Environment, Health and Safety*".

Set forth below is a description of the principal risks the Group faces in relation to environmental protection and health and safety laws and regulations.

*Existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause the Group to incur significant additional operating and capital expenses*

The Group's operations result in emissions of greenhouse gases ("**GHG**"), such as carbon dioxide and methane. Growing concern about the sources and impacts of global climate change has led to a number of national and supranational legislative and administrative measures, both proposed and enacted, to monitor, regulate and limit carbon dioxide and other GHG emissions. In Germany, the Group's emissions are regulated under the European Union Emissions Trading Scheme ("**EU ETS**"), an EU-wide trading system for industrial GHG emissions. The EU ETS is expected to continue to become progressively more stringent over time, including by reducing the number of allowances to emit GHG that EU member states will allocate without charge to industrial facilities. Such measures could result in increased costs for the Group to: (i) operate and maintain its facilities; (ii) install new emission controls; (iii) purchase or otherwise obtain allowances to emit GHGs; and (iv) administer and manage its GHG emissions programme.

At the international level, many nations have agreed to limit emissions of GHGs pursuant to the United Nations Framework Convention on Climate Change, also known as the "Kyoto Protocol". Methane, a

primary component of natural gas, and carbon dioxide, a by-product of the burning of oil, natural gas, and refined petroleum products, are GHGs addressed by the Kyoto Protocol. Each of Kuwait, Germany and Canada has ratified the Kyoto Protocol. Furthermore, in December 2009, 27 nations, including Germany (as a member of the EU) and Canada, signed the Copenhagen Accord, which includes a non-binding commitment to reduce GHG emissions. As a result of commitments made at the United Nations climate conference in Durban, South Africa in December 2011, the international community negotiated a binding treaty that would require reductions in GHG emissions by developed countries (the "**Paris Agreement**"). The Paris Agreement entered into force on 4 November 2016. Additional measures addressing GHG emissions may also be implemented.

*The Group's business could be adversely affected by chemical safety regulation of its products and raw materials*

The Group uses and manufactures hazardous chemicals that are subject to regulation by the EU and by many national, provincial and local governmental authorities in the countries in which the Group operates. In order to obtain regulatory approval of certain new products and production processes, the Group must, among other things, demonstrate to the relevant authorities that the product is safe for its intended uses and that the Group is capable of manufacturing the product in accordance with applicable regulations. The process of seeking such regulatory approvals can be time-consuming and subject to unanticipated and significant delays. Regulatory approvals may not be granted to the Group on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain, these regulatory approvals would adversely affect the Group's ability to introduce new products, to continue distributing existing products and to generate revenue from those products, which could have a material adverse effect on its business, results of operations or financial condition. In addition, new laws and regulations may be introduced in the future that could result in additional compliance costs, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of the Group's products.

Furthermore, some of the Group's products (including its raw materials) are subject to extensive environmental and industrial hygiene regulations governing the registration and safety analysis of their component substances. For example, in connection with the EU's Registration, Evaluation and Authorisation of Chemicals Regulation ("**REACH**") or the new EU Classification, Labelling and Packaging Regulation ("**CLP**"), any key raw material, chemical or substance, including the Group's products, could be classified as having a toxicological or health-related impact on the environment, users of the Group's products, or its employees.

In Ontario, Canada, the Toxics Reduction Act, 2009 requires reduction in the use of toxic substances. Among other things, this statute requires tracking, public toxic substance reduction plans and reporting. Similar regulations are being considered in other jurisdictions, including the United States, which could result in additional requirements, including testing and record-keeping obligations, on the Group's operations.

The regulation or reclassification of any of the Group's raw materials or products could adversely affect the availability or marketability of such products, result in a ban on its import, purchase or sale, or require the Group to incur increased costs to comply with notification, labelling or handling requirements, each of which could adversely affect the Group's business, results of operations or financial condition.

*Introduction of new environmental laws and regulations in Kuwait*

New environmental laws and regulations have recently been promulgated in Kuwait which could require future investment or changes to the Group's operations to ensure compliance. These new environmental laws and regulations are framework legislation and do not aim to address every aspect relating to environmental protection. Instead, it delegates to the Environmental Public Authority the authority to pass executive by-laws and subsequent standards to implement the objectives of the Environmental Protection Law ("**EPL**"). As the Environmental Public Authority has issued a limited number of executive by-laws under the EPL, the specific content of any future executive by-laws and standards and any enforcement thereof are uncertain as at the date of this Base Listing Particulars. In addition, the Group cannot predict how the courts in Kuwait (the "**Kuwaiti Courts**") will interpret these new environmental laws and regulations.

While it has budgeted for capital and operating expenditure to maintain compliance with these new environmental laws, the Group has not budgeted for changes which are not anticipated. The Group cannot

make any assurances that these new environmental laws and regulations will not change or become more stringent in the future, requiring it to incur additional expenditures, or that it has been or will be at all times in complete compliance with environmental protection and health and safety law, regulations and permits, which could result in penalties being imposed on it. The consequences of each of these situations could adversely affect the Group's business, results of operations or financial condition.

*The Group's operations in the United States are subject to extensive U.S. regulations*

The Group's operations in the United States are subject to federal, state and local EH&S laws and regulations enforced by different agencies, including the United States Environmental Protection Agency (the "EPA") and the Occupational Safety and Health Administration ("OSHA"). Such laws and regulations govern the emission, discharge or release of materials into the environment, waste management practices, and pollution prevention measures, the safe operation of facilities and transportation activities, and the safety of workers and the public. Permits or other authorisations are required under these laws and regulations for the operation of the Group's facility, and may be subject to revocation, modification and renewal.

These laws and permit requirements raise potential exposure to future claims and lawsuits involving environmental and safety matters, which could include soil and water contamination, air pollution, personal injury and property damage attributed to substances which the Group manufactures, handles, uses, releases or disposes of or transports, or that relate to pre-existing conditions for which the Group has assumed responsibility. The Group believes that its current operations are substantially in compliance with existing environmental and safety requirements. Although it is difficult to quantify potential future environmental or safety related expenditures, the Group anticipates that continuing capital investments and changes in operating procedures may be required in the future to comply with existing and new requirements, as well as evolving interpretations and enforcement practices of existing laws and regulations.

The Group may incur significant costs and liabilities as a result of U.S. environmental and safety laws applicable to the operation of its U.S. facility and the transportation of its products in the United States. These costs and liabilities could arise under federal, state and local environmental laws and regulations, including, for example:

- the Clean Air Act ("CAA") and comparable state laws and regulations that impose obligations related to air emissions;
- the Clean Water Act ("CWA"), and comparable state laws and regulations that impose obligations related to discharges of pollutants into regulated bodies of water;
- the Resource Conservation and Recovery Act ("RCRA"), and comparable state laws that impose requirements for the handling and disposal of waste from the Group's facility;
- the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), and comparable state laws that regulate the clean-up of hazardous substances that may have been released at properties owned or operated by the Group or at locations to which the Groups has sent waste for disposal;
- the EPA's community right to know regulations under Title III of CERCLA and comparable state laws that require the Group to organise and/or disclose information about hazardous materials used or produced in its operations; and
- OSHA which establishes workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances, and appropriate control measures.

Failure to comply with these laws and regulations may trigger administrative, civil and criminal enforcement measures, including monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes, including the RCRA, CERCLA and analogous state laws and regulations, impose strict joint and several liability for costs required to clean up and restore sites where petroleum, hazardous substances or other waste products have been disposed of or otherwise released.

***Each of the EQUATE Group and TKOC is required to obtain, maintain and renew governmental permits and approvals to operate its businesses. Any failure to obtain, maintain and review such permits and approvals may negatively impact the way in which the Group conducts its business***

Each of the EQUATE Group and TKOC requires permits and approvals to operate its businesses and/or construct and operate its facilities. In the future, the EQUATE Group and TKOC may be required to renew such permits and approvals or to obtain new permits and approvals. While each of the EQUATE Group and TKOC believes that it will be able to obtain such permits and approvals and it has not experienced any difficulty in renewing and maintaining these permits and approvals in the past, as and when required, there can be no assurance that the relevant authorities will issue any such permits or approvals in the time frame anticipated by the EQUATE Group and TKOC, or at all. Any failure to renew, maintain or obtain the required permits and approvals and technology licenses, or the revocation or termination of existing permits and approvals, may interrupt the Group's operations or delay or prevent the implementation of any capacity expansion programmes, such as the one planned at the Group's Fort Saskatchewan plant in Canada in 2020, and could adversely affect the EQUATE Group's and TKOC's business, results of operations or financial condition. This, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents

***The EQUATE Group's and TKOC's production facilities process some volatile and hazardous materials that subject them to operating risks***

Each of the EQUATE Group and TKOC is dependent on the continued safe operation of its production facilities. The EQUATE Group's and TKOC's operations are subject to the usual hazards associated with the manufacture of petrochemicals and the handling, storage and transportation of petrochemical materials, including:

- pipeline leaks and ruptures;
- explosions;
- fires;
- mechanical failure;
- transportation interruptions and truck accidents;
- chemical spills;
- discharges or releases of toxic or hazardous substances or gases;
- storage tank leaks; and
- other environmental risks.

These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage. A major accident at one of the Group's facilities could force it to suspend its operations temporarily, cause production delays and result in significant remediation costs and lost profits as well as liability for workplace injuries and fatalities. Moreover, as all of its manufacturing plants in Kuwait are located in a single site, any major accident at one of the Group's manufacturing plants in the Shuaiba Industrial Area could also affect its other manufacturing plants therein. There can be no assurance that the Group's insurance will be sufficient to cover fully all potential hazards incident to its business. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. If it were to incur a significant liability for which it was not fully insured, this could result in significant additional capital expenditure for the Group and could have a material adverse effect on its business, results of operations or financial condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***The Group has a significant amount of indebtedness which could limit its financial flexibility and its ability to access additional financing***

As at 31 December 2019, the Group's loans and borrowings were U.S.\$4,607 million and its shareholders' equity was U.S.\$1,796 million. The Group intends to refinance a portion of its Facility Agreement as defined in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness and Financing Strategy of the Group*" which is due in June 2023 with the proceeds of the upcoming Certificates to be issued under the Programme and the proceeds of the proposed issuance of notes under the Group's global medium term note programme. See further "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness and Financing Strategy of the Group*".

The Group's level of debt may have important consequences. Among other things, it may:

- make it more difficult for the Group to generate sufficient cash flow to satisfy its obligations to make payment on the Certificates or under the Transaction Documents, particularly if an event of default arises under the Group's existing debt instruments;
- limit the Group's ability to use its cash flow, or obtain additional financing, for future working capital, capital expenditures, acquisitions or other general corporate purposes;
- require a substantial portion of the Group's cash flow from operations to make debt service payments;
- limit the Group's flexibility to plan for, or react to, changes in its business and industry conditions;
- limit the Group's ability to undertake additional acquisitions;
- place the Group at a competitive disadvantage compared to its competitors with lower levels of indebtedness; and
- increase the Group's vulnerability to the impact of adverse economic and industry conditions and, to the extent of its outstanding debt under its floating rate debt facilities, the impact of increases in interest rates.

There can be no assurance that the Group will continue to generate sufficient cash flow in amounts that enable it to service its debt, meet its working capital and capital expenditure requirements or undertake its expansion plans. To the extent that it is unable to generate sufficient cash flows from operations, or if it is unable to borrow additional funds, it may be required to sell assets, reduce capital expenditures, refinance all or a portion of its existing debt, or obtain additional financing through equity or debt financings. There can be no assurance that the Group will be able to refinance its debt, sell assets or obtain additional financing on terms acceptable to it, if at all. Additionally, the Group's existing loan agreements contain covenants. Such covenants may be restrictive and limit the Group's possibility to engage in future transactions, thereby limiting its growth capability. A breach of any of these covenants could give rise to a default, which could entitle the Group's lenders to accelerate the loans provided under these agreements and/or refuse to provide it with any additional funds under the facilities. There can be no assurance that the Group will be able to comply with its covenants in the future or that lenders will grant waivers to these covenants or that lenders would not seek to enforce any remedies following any breach of covenants.

Any of the foregoing events could adversely affect its business, results of operations or financial condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***The EQUATE Group and TKOC may experience difficulties in raising additional capital on favourable terms or at all in the future***

While the Group was able to fund the construction of the U.S. Gulf Coast plant from existing cash flows from operations, in the event that its existing cash balances and cash generated from its operations, together with financings, are insufficient to make investments, acquisitions, expand its activities, achieve its growth objectives or provide the working capital it needs in the future, the Group may find it necessary to obtain additional financing from other sources. The ability of the EQUATE Group and/or TKOC (including as a Group) to obtain such additional financing on favourable terms or at all will depend in part on the prevailing



situation in the international capital and banking markets, the situation of the global petrochemical industry and the Group's results of operations. Moreover, any downgrade in EQUATE's credit ratings could adversely affect the EQUATE Group's and/or TKOC's cost of borrowing and their access to the international capital and banking markets. In the event that it is unable to obtain additional financing on acceptable terms or at all, the ability of the EQUATE Group and TKOC (including as a Group) to make investments, acquire companies, expand their activities, achieve their growth objectives or obtain working capital could be adversely affected which would, in turn, adversely impact their business, results of operations or financial condition. This, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents

***The EQUATE Group and TKOC may be subject to natural disasters, terrorist activities and/or disruptive geopolitical events and their consequences***

Natural disasters, such as earthquakes, hurricanes, storms, floods or tornadoes, have not previously disrupted the EQUATE Group's or TKOC's business, but they have disrupted the businesses of its suppliers and customers in the past and such events could disrupt the EQUATE Group's and TKOC's businesses in the future. In particular, the U.S. Gulf Coast, where the Group's new ethylene glycol plant is located, has experienced a number of hurricanes in the past. If severe weather-related events and other natural disasters occur in the future, the EQUATE Group and/or TKOC may suffer business interruption or shutdown or damage to its production facilities and other infrastructure, which could adversely and materially affect its business, results of operations or financial condition.

Terrorist attacks or the continued threat of terrorism in the jurisdictions in which the EQUATE Group and TKOC operate, and the potential for military action and heightened security measures in response to such threats, may cause significant disruptions to commerce throughout the world, including restrictions on cross-border transport and trade, which may adversely affect the EQUATE Group and TKOC. In addition, related political events may cause a lengthy period of uncertainty that may adversely affect the EQUATE Group's and TKOC's business. Political and economic instability in other regions of the world could adversely affect the Group's business, results of operations or financial condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***The EQUATE Group and TKOC may be subject to interruptions or failures in their information technology systems or cyber-security attacks***

The EQUATE Group and TKOC rely on sophisticated information technology systems and infrastructure to support their business, including process control technology. Any of these systems may be susceptible to cyber security attacks as well as outages due to fire, floods, power loss, telecommunications failures and similar events. Information technology system failures, network disruptions and breaches of data security could disrupt the EQUATE Group's and/or TKOC's operations by causing delays or cancellation of customer orders, impeding the manufacture or shipment of products, processing transactions and reporting financial results, resulting in the unintentional disclosure of customer or the EQUATE Group's and/or TKOC's information, or damage to their reputation. Cyber-security is an increasing risk generally and for each of the EQUATE Group and TKOC and can arise as a result of both individual and state-sponsored actors in periods of high geopolitical tension. While previous cyber-security attacks and information technology interruptions have had a limited effect on the EQUATE Group's and TKOC's business, such failures could adversely affect their business, results of operations or financial condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents. Further, there can be no assurance that the EQUATE Group's and TKOC's business continuity plans will be completely effective during an information technology failure or interruption.

***The EQUATE Group and TKOC are dependent on maintaining good relations with their employees. Any deterioration in employee relations could impact the EQUATE Group's and TKOC's ability to supply their products***

As at 31 December 2019, the Group employed approximately 1,600 people (measured as full-time equivalents) in its operations around the world. Approximately 1,200 of the Group's employees in Kuwait are members of a trade union. The Group's management and human resources department regularly negotiate collective bargaining agreements with the relevant trade union. Any significant increase in labour costs, deterioration of employee relations, slowdowns or work stoppages at any of the EQUATE Group's and TKOC's locations, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on the EQUATE Group's and TKOC's business, results of operations or financial

condition which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents. A strike, work slowdown or other labour unrest could, in some cases, impair the EQUATE Group's and/or TKOC's ability to supply their products to customers, which could result in reduced revenues.

***The EQUATE Group and TKOC depend on their ability to attract and retain key personnel to implement the Group's business strategy and develop existing or new businesses***

The EQUATE Group's and TKOC's success is dependent upon its ability to attract and retain key personnel. In particular, each of the EQUATE Group's and TKOC's senior managers have considerable experience and knowledge of the industry, and the loss of any of them, or the inability to attract and retain enough additional qualified staff, could adversely affect the ability to implement the Group's business strategy or develop existing or new businesses.

In addition, the EQUATE Group's and TKOC's future success also depends on their continued ability to identify, hire, train and retain qualified personnel in sales, marketing, operations and administration positions, among others. Competition for such qualified personnel is intense and the EQUATE Group's and TKOC's business, results of operations or financial condition could be adversely affected if they fail to attract and retain the necessary personnel which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

***The Group is exposed to risks related to conducting operations in several different countries***

The Group currently has manufacturing facilities located in Kuwait, Canada, the United States and Germany. Notwithstanding the benefits of geographic diversification, the Group's business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. If any of these risks materialise, the EQUATE Group's and TKOC's business, results of operations or financial condition could be adversely affected which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents

Risks inherent in international operations include the following:

- general economic, social or political conditions in the countries in which the Group operates could adversely affect its earnings from operations in those countries;
- compliance with a variety of laws and regulations in various jurisdictions may be burdensome;
- unexpected or adverse changes in laws or regulatory requirements in various jurisdictions may occur;
- the imposition of withholding taxes or other taxes or royalties on the Group's income, or the adoption of other restrictions on foreign trade or investment, including tariffs or currency exchange controls;
- adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licences;
- intellectual property rights may be more difficult to enforce;
- transportation and other shipping costs may increase;
- staffing difficulties, national or regional labour strikes or other labour disputes;
- the imposition of any price controls; and
- difficulties in enforcing agreements and collecting receivables.

***Each of Dow and PIC exerts a significant degree of control over the Obligors. Their interests may conflict with the interests of the relevant Obligor or the interests of the Certificateholders***

Each of Dow and PIC indirectly owns 42.5 per cent. of the share capital in each of the Obligors as at the date of this Base Listing Particulars and there is no assurance that it would not decrease its shareholding in the future.

Dow and PIC are able to exercise control over, among other things:

- election of the board of directors of each of the Obligor's;
- each of the Obligor's business policies and strategies;
- budget approval, including personnel costs;
- the issuance of securities;
- mergers, acquisitions and disposals of each of the Obligor's assets or businesses; and
- amendments to each of the Obligor's constitutional documents.

See "*Description of EQUATE*" and "*Description of TKOC*" for a description of the respective rights of Dow and PIC as major shareholders of each of EQUATE and TKOC. There can be no assurance that the resolution of any matter that may involve the interests of Dow or PIC will be resolved in what Certificateholders would consider to be their best interests.

In certain circumstances, the interests of Dow and PIC may conflict with the interests of the Obligor's or the Group generally. Dow and PIC together effectively have the power to influence the outcome of any vote of shareholders, including, for example amending the articles of association, due to the percentage of shares they own in each of the Obligor's.

Furthermore, Dow and PIC may have different views on important matters such as those that concern the Obligor's objectives, strategy, operations, investments or financing and such persons may not act in the Obligor's best interest. Consequently, any significant disagreement between Dow and PIC, any failure to approve matters as a result of such disagreement, or any negative development in their mutual relationship could adversely affect the EQUATE Group's and TKOC's business, results of operations or financial condition which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

#### **Risks Relating to Kuwait and the GCC and MENA region.**

The Group operates in a number of jurisdictions including Kuwait. As at 31 December 2019, 46 per cent. of the Group's total installed production capacity was located in production facilities in Kuwait and for the year ended 31 December 2019, 20 per cent. of the Group's revenues were generated from the MENA region. The specific risks which the Group is exposed to as a result of its connection with Kuwait and the GCC and MENA region are set out below.

#### ***Investing in securities involving emerging markets generally involves a higher degree of risk***

Investors in emerging markets, such as Kuwait, should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, higher volatility, limited liquidity and changes in the political and economic environment. In addition, there can be no assurance that the market for securities bearing emerging market risk, such as the Certificates, will not be affected negatively by events elsewhere, especially in the emerging markets.

The economies of most of the countries in the GCC region are mainly driven by revenues from oil exports and therefore exposed to volatility in oil prices. The national economies of most of the countries in the GCC region have expanded significantly in recent years, in large part as a result of historically high oil prices. A sustained deterioration in the economies of these countries or political upheaval in the region could have a material adverse effect on the Obligor's (and therefore the Group's) business, results of operations or financial condition which, in turn, may affect the Obligor's ability to fulfil their obligations under the Transaction Documents.

In addition, although economic conditions are different in each country in the GCC and MENA region, investors' reactions to developments in one country may affect the price of securities of issuers in other countries in the GCC and MENA region, including Kuwait. Accordingly, the market price of the Certificates may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Obligor's.

Specific risks in Kuwait and the GCC and MENA region that could have a material adverse effect on the Obligors' (and therefore the Group's) business and operations in Kuwait and the GCC and MENA region include, without limitation, the following:

- political, economic or social instability;
- external acts of warfare, civil clashes or other hostilities or conflict;
- domestic unrest or violence;
- increases in inflation and the cost of living;
- changing tax regimes and tax laws, including the imposition of taxes in tax-free jurisdictions or the increase of taxes in low-tax jurisdictions;
- government interventions and protectionism;
- potential adverse changes in laws and regulatory practices, including legal structures and tax laws;
- difficulties in staffing and managing operations;
- legal systems which could make it difficult for the Group to enforce its intellectual property and contractual rights;
- restrictions on the right to convert or repatriate currency or export assets;
- greater risk of uncollectible accounts and longer collection cycles; and
- logistical and communications challenges.

Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must determine for themselves whether, in light of those risks, an investment in the Certificates is appropriate.

Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

***Legal and regulatory systems may create an uncertain environment for investment and business activities***

Kuwait is in the process of developing governing institutions and legal and regulatory systems, which are not yet as firmly established as they are in Western Europe and the United States. Kuwait, along with other countries in the GCC region, has enacted measures to promote greater efficiency and certainty within their legal and regulatory systems. Among those measures, Kuwait and countries within the GCC region have assumed obligations under the General Agreement on Tariffs and Trade (the "**GATT**") (as administered by the World Trade Organisation (the "**WTO**")) and Kuwait has already enacted legislation, inter alia, to extend foreign ownership. However, Kuwait may experience changes in its economy and government policies (including, without limitation, policies relating to the continued extension of the rights of foreign ownership pursuant to Kuwait's GATT/WTO obligations) that may affect the Obligors' (and therefore the Group's) business in Kuwait which, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents.

The legal system in Kuwait may not provide the same degree of protection or require the levels of disclosure of information that would be the case in Western Europe or the United States. No assurance can be given that the government will not implement regulation or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting expropriation, nationalisation, taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on the Obligors' business, results of operations or financial condition.

***The Obligors' operations in Kuwait are located in a region that is subject to ongoing political and security concerns***

A number of countries located in the MENA region are either experiencing, or have in the recent past experienced, political and social instability, domestic turmoil and violence and armed conflict. For example, there has been significant political change in Iraq, Tunisia and Egypt, armed conflict in Libya and Syria and protests and related activities in a number of other countries in the MENA region. The situation has caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. On 8 May 2018, the United States announced its withdrawal from the comprehensive agreement between the United Nations Security Council's five permanent members plus Germany and Iran that was reached on July 2015, reinstating U.S. nuclear sanctions on the Iranian regime. The United States also announced that it would not renew exceptional waivers for importing Iranian oil for several oil-importing countries, effective from May 2019. More recently, on 2 January 2020, the United States carried out a military strike which killed a senior Iranian military commander. As a result of this military strike, Iran launched missiles at a U.S. base in Iraq. In addition, in September 2019, an attack on two Saudi Aramco oil facilities forced the Saudi government to shut down a significant amount of oil production temporarily and led to a temporary increase in oil prices. These recent and ongoing developments, along with terrorist acts, acts of maritime piracy and other forms of instability in the MENA region, such as tensions between the United States, Israel and Iran, that may or may not directly involve Kuwait, could adversely affect Kuwait's economy and its ability to engage in international trade which, in turn, could adversely affect the Obligors' (and therefore the Group's) business, results of operations or financial condition. This, in turn, may affect the Obligors' ability to fulfil their obligations under the Transaction Documents

**Risk Factors Relating to Taxation in Kuwait**

***The application and enforcement of the Kuwaiti income tax regime is uncertain, and holders of the Certificates which are "non-GCC corporate entities" may become subject to the Kuwaiti income tax regime in certain limited circumstances***

Article 150 (bis) of Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities (which was introduced pursuant to Law No. 22 of 2015) ("**Article 150 (bis)**") provides that the returns from bonds, finance sukuk and other similar securities, regardless of the nature of the issuer thereof, are exempt from Kuwaiti tax.

While the Kuwait Ministry of Finance has issued Administrative Resolution No. 2028 of 2015 (the "**Administrative Resolution**") which essentially endorses the provisions of Article 150 (bis), to date, it has not provided any further guidance regarding the interpretation of Article 150 (bis) and the Administrative Resolution. Similarly, the Kuwaiti Courts (who will be the final arbiters on the matter) have not been required to interpret such provisions to date.

Furthermore, the Kuwait Ministry of Finance's Department of Income Tax has to date not always adopted consistent rulings on Kuwaiti tax matters more generally. Accordingly, to the extent that the exemption afforded by Article 150 (bis) is held not to apply to the Certificates, to a particular Certificateholder or to the Trustee, such Certificateholder(s) which are non-GCC corporate entities and/or the Trustee may become subject to income tax in Kuwait (see further "*Taxation – Kuwait*").

In addition, neither Article 150 (bis) nor the Administrative Resolution address the issue of whether or not there remains an obligation, as described under "*Taxation – Kuwait – Retention*", to make a deduction of 5 per cent. of the amount of any payments made by either Obligor to the Certificateholder(s). In the event of any such deduction, the Transaction Documents provide that the Obligors will pay such additional amounts in order that the net amount received by the Certificateholder(s) shall equal the amount which would have been receivable in the absence of such deduction.

Prospective purchasers of the Certificates are advised to consult their tax advisers as to the consequences under Kuwaiti and other applicable tax laws of acquiring, holding and disposing of the Certificates and receiving payments under the Certificates.

## **Risks Related to the Certificates**

### ***The Certificates are limited recourse obligations***

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, or any early redemption of the Certificates pursuant to Condition 8 (*Redemption and Dissolution of the Trust*), the sole rights of each of the Delegate and, through the Trustee and/or the Delegate, the Certificateholders of the relevant Series will be against EQUATE (failing which the Guarantor in accordance with the Guarantee) to perform their respective obligations under the Transaction Documents to which they are a party. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), EQUATE or the Guarantor (to the extent that each of the Obligor fulfils all of its respective obligations under the Transaction Documents) in respect of any shortfall in the expected amounts due under the relevant Trust Assets, other than what is agreed under the Transaction Documents. EQUATE (failing which the Guarantor in accordance with the Guarantee) is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee and/or the Delegate. The Delegate will (in the name of the Trustee) have recourse against EQUATE (failing which the Guarantor in accordance with the Guarantee) to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In the absence of default by the Delegate, investors have no direct recourse to EQUATE or the Guarantor, through the Trustee and there is no assurance that the net proceeds of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing each of EQUATE's, the Guarantor's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the relevant Certificates. After enforcing or realising the rights in respect of the Trust Assets of a Series (in the manner described above) and the distribution of the net proceeds of such Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder be entitled in respect thereof to petition or take any steps for the winding up of the Trustee nor have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate (acting in the name of the Trustee) and the Certificateholders (acting through the Delegate) against EQUATE and the Guarantor shall be to enforce the obligation of each of EQUATE and the Guarantor to perform its obligations under the Transaction Documents to which it is a party. The obligations of EQUATE and the Guarantor under the Transaction Documents are unsecured and rank *pari passu* with the other unsecured indebtedness of EQUATE and the Guarantor (subject to Condition 6.2 (*Negative Pledge*)).

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

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

In addition, the Conditions provide that the Delegate may, without the consent of the Certificateholders: (a) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, (i) of a formal, minor or technical nature or (ii) is made to correct a manifest error or (iii) is not materially prejudicial to the interests of the outstanding Certificateholders provided that such modification is, in the case of (iii), other than in respect of a Reserved Matter; (b) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents; or (c) determine that any Dissolution Event shall not be treated as such, provided that such waiver, authorisation or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series.

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

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

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

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

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

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

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

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

***The Certificates may be subject to early dissolution***

In certain circumstances the Certificates may be subject to early dissolution. Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10 (*Taxation*) or EQUATE has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series (as specified in the applicable Pricing Supplement)

and such obligation cannot be avoided by the Trustee or EQUATE, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice and payment of the Exercise Price by EQUATE upon due exercise of the Sale Undertaking redeem the Certificates, in whole but not in part, at an amount equal to the relevant Dissolution Distribution Amount on the relevant Early Tax Dissolution Date specified in the Exercise Notice in accordance with Condition 8.2 (*Early Dissolution for Taxation Reasons*).

If so provided in the applicable Pricing Supplement, a Series may be redeemed early at the option of EQUATE. In the case of Certificates with an additional optional dissolution feature, EQUATE may choose to redeem such Certificates when its cost of borrowing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, such an optional dissolution feature could limit the market value of Certificates prior to or during any period when EQUATE may elect to redeem Certificates as the market value of those Certificates generally would not rise substantially above the Dissolution Distribution Amount at which they can be redeemed.

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

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

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

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

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



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

The Conditions provide for certain fallback arrangements if a Benchmark Event occurs, including the possibility that the profit rate could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) by an Adjustment Spread. Any such changes may result in the Certificates performing differently (which may include payment of a lower profit rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback for a particular Return Accumulation Period may result in the profit rate for the last preceding Return Accumulation Period being used.

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

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

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

***Certificates where denominations involve integral multiples: Individual Certificates***

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

In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system, would need to purchase an additional amount of Certificates such that such holder holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

The Shariah Advisory Board of Citi Islamic Investment Bank E.C., the Global Shariah Supervisory Committee of HSBC Bank Middle East Limited and the KFH Capital Sharia Committee have each issued a *fatwa* in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari'a* principles. However, a *fatwa* is only an expression of the view of the relevant *Shari'a* advisory board based on its experience in the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the

trading of the Certificates and neither the Trustee, the Obligors, the Delegate nor the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradeability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents (other than the Master Purchase Agreement, the Master Lease Agreement, any Supplemental Purchase Agreement, any Supplemental Lease Agreement, any sale agreement or additional purchase agreement entered into pursuant to the Sale Undertaking, or any sale agreement entered into pursuant to the Purchase Undertaking, which are subject to the jurisdiction of the Kuwaiti Courts) would be, if in dispute, the subject of arbitration under the LCIA Rules. In such circumstances, the arbitrator will first apply the relevant law of the relevant Transaction Document in determining the obligations of the parties.

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

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

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

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

While the Certificates are represented by Global Certificates, the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Certificates. Neither the Trustee nor each Obligor has any responsibility or liability for the records relating to, or payments made in respect of, ownership interests in any Global Certificate.

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

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

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

- the method of calculating the dissolution and periodic distribution amounts in respect of the Certificates of the relevant Series;
- the time remaining to the maturity of the Certificates of the relevant Series;
- the outstanding amount of the Certificates of the relevant Series;

- the redemption features of the Certificates of the relevant Series; and
- the level, direction and volatility of market interest or profit rates generally.

Therefore, investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. A lack of liquidity may have a material and adverse effect on the market value of Certificates.

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

The Trustee will pay Periodic Distribution Amounts and Dissolution Distribution Amounts on the Certificates in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee and the Obligors do not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. However, fluctuations between currencies in the past are not necessarily indicative of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency-equivalent value of the principal payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Distribution Amounts on a Certificate. As a result, investors may receive lower amounts under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

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

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

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

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

The Conditions and the Transaction Documents (other than the Master Purchase Agreement, the Master Lease Agreement, any Supplemental Purchase Agreement, any Supplemental Lease Agreement, any sale agreement or additional purchase agreement entered into pursuant to the Sale Undertaking, or any sale agreement entered into pursuant to the Purchase Undertaking) are based on English law in effect as at the date of this Base Listing Particulars. The Master Purchase Agreement, the Master Lease Agreement, any Supplemental Purchase Agreement, any Supplemental Lease Agreement, any sale agreement or additional purchase agreement entered into pursuant to the Sale Undertaking, or any sale agreement entered into pursuant to the Purchase Undertaking are based on Kuwaiti law in effect as at the date of this Base Listing Particulars. No assurance can be given as to the impact of any possible judicial decision or change to English or Kuwaiti law or administrative practice after the date of issue of any Certificates nor whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of EQUATE or the Guarantor to comply with their respective obligations under the Transaction Documents.

**Risks Relating to Enforcement**

***The insolvency regime in Kuwait is relatively untested with limited guidance as to how the legislative framework will be applied in practice by the courts in Kuwait***

In the event of the insolvency of either Obligor, Kuwaiti bankruptcy law will apply and such law may adversely affect each Obligor's ability to perform its obligations under the Transaction Documents to which it is a party and, consequently, the Trustee's ability to perform its obligations in respect of any Certificates. Further, obtaining a final bankruptcy judgment in Kuwait may take several years. There is little precedent to predict how any claims on behalf of holders of the Certificates, the Trustee and/or the Delegate against either of the Obligors would be resolved in the event of the insolvency of either Obligor, and therefore there can be no assurance that holders of the Certificates will receive payment of their claims in full or at all in these circumstances.

***There is a risk that the Kuwaiti Courts will assume jurisdiction***

The Transaction Documents (other than the Master Purchase Agreement, the Master Lease Agreement, any Supplemental Purchase Agreement, any Supplemental Lease Agreement, any sale agreement or additional purchase agreement entered into pursuant to the Sale Undertaking, or any sale agreement entered into pursuant to the Purchase Undertaking, which are subject to the jurisdiction of Kuwaiti Courts) each contains a provision to the effect that disputes arising thereunder will be referred to arbitration under the LCIA Rules.

Nevertheless, if a claim is brought before the Kuwaiti Courts, the Kuwaiti Courts may still accept jurisdiction in any suit, action or proceedings in the situations identified in Articles 23, 24 and 26 of Kuwait Law No. 38 of 1980 (the Code of Civil and Commercial Procedure), as amended (the "**Kuwaiti Code**"). These situations include (a) where the defendant in the proceedings expressly or impliedly accepted the jurisdiction of the Kuwaiti Courts, (b) where the defendant is a Kuwaiti national or is resident, domiciled or has a place of business or a chosen domicile in Kuwait or (c) if such legal proceedings relate to property (movable or immovable) located in Kuwait, an obligation is created, executed or required to be performed in Kuwait or a bankruptcy is declared in Kuwait.

There can therefore be no assurance that the Kuwaiti Courts will decline jurisdiction to adjudicate any dispute under such Transaction Documents, notwithstanding that such Transaction Documents provide that parties have agreed that any disputes arising thereunder shall be referred to arbitration under the LCIA Rules. The risk that the Kuwaiti Courts would assume jurisdiction on the proceedings is reduced, but not eliminated, in the event that, (a) the respondent to a claim raises procedural defences as regards the jurisdiction, and (b) the existence of previous or simultaneous proceedings in, or *res judicata* judgments from, a competent jurisdiction outside Kuwait, on the subject matter and involving the same disputing parties.

***Certificateholders will only be able to enforce their contractual rights under certain Transaction Documents through arbitration under the LCIA Rules and LCIA awards relating to disputes arising under the Certificates may not be enforceable in Kuwait***

The payments under the Certificates are dependent upon receipt by the Trustee of all amounts due from EQUATE (failing which the Guarantor) under the Transaction Documents to which it is a party and

payment by the Trustee of all amounts due to investors in the manner contemplated under the Certificates and the Transaction Documents to which it is a party. If the Trustee, EQUATE or the Guarantor (as applicable) fail to fulfil their respective obligations under the Certificates and/or the Transaction Documents to which they are a party, it may be necessary for the Delegate (or, in the limited circumstances described in Condition 13, the Certificateholders) to bring an action against the Trustee, EQUATE and/or the Guarantor to enforce their respective obligations and/or to claim damages, as appropriate, which may be costly and time consuming. Disputes arising under the Certificates and/or the Transaction Documents will be referred to arbitration under the LCIA Rules. Certificateholders will therefore only have recourse to LCIA arbitration in order to enforce their contractual rights under the Certificates, and will not have the right to bring proceedings relating to the Certificates before the English courts.

Kuwait is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). A foreign arbitral award will be recognised and enforced in Kuwait (without re-trial or examination of the merits of the case) in accordance with the Kuwaiti Code. Article 200 of the Kuwaiti Code provides that foreign arbitral awards are to be recognised and enforced under the same conditions (applied *mutatis mutandis* to foreign arbitral awards) as are applied in respect of the enforcement of foreign judgments under Article 199 of the Kuwaiti Code (as detailed below) save that, in addition, the subject matter of the award must be considered arbitrable under Kuwaiti law and the arbitral award must be enforceable in the jurisdiction in which it was rendered.

Article 199 of the Kuwaiti Code requires that: (a) the courts of the jurisdiction by which the judgment was rendered must afford reciprocal treatment to judgments rendered in Kuwait; (b) the judgment must be rendered by a competent authority according to the law of the jurisdiction in which it was rendered; (c) the parties must have been duly summoned to appear and were duly represented at the proceedings; (d) the judgment must be final and non-appealable (*res judicata*) according to the law of the jurisdiction in which it was rendered; (e) the judgment must not contradict any prior judgment rendered by a Kuwaiti Court; and, finally (f) the judgment must not contain anything in conflict with the general morals or public order of Kuwait.

The requirement to establish reciprocal enforcement under Article 199 of the Kuwaiti Code with respect to the recognition and enforcement of arbitral awards issued in England is satisfied as England and Kuwait are both signatories to the New York Convention. Enforcement of a foreign arbitral award in Kuwait requires the filing of an enforcement action in the Kuwaiti Courts. Proceedings before the Kuwaiti Courts, including enforcement actions, can take a relatively long time before a final and non-appealable judgment is issued.

There have not been many occasions in which the Kuwaiti Courts have been asked to consider the enforcement of foreign arbitral awards and so (notwithstanding that on those occasions when they have been asked to do so they have shown that they will follow the provisions of the Kuwaiti Code and enforce an arbitral award) there is not a large body of decided cases in which the practical implications of complying with Article 199 of the Kuwaiti Code have been analysed.

#### ***Each Obligor's waiver of immunity may not be effective under the laws of Kuwait***

Kuwaiti law provides that public or private assets owned by Kuwait may not be confiscated. Since each Obligor is indirectly-owned by the Government, there is a risk that the assets of each Obligor may fall within the ambit of government assets and as such cannot be attached or executed upon. Each Obligor has waived its rights in relation to sovereign immunity, however, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Transaction Documents to which it is a party are valid and binding under the laws of Kuwait.

#### ***Guarantees under the laws of Kuwait***

Provisions in a guarantee that a guarantor will remain liable for the underlying obligations of an obligor (the "**Underlying Obligations**") may not be enforceable in the event where such Underlying Obligations are invalid and/or unenforceable under the laws of Kuwait. Provisions in a guarantee which would serve to provide that a guarantor will nonetheless indemnify a creditor notwithstanding the invalid and/or unenforceable nature of any Underlying Obligation(s), may not necessarily be enforced by a Kuwaiti Court or an arbitral panel applying Kuwaiti law.

Under Kuwaiti law, the obligations of a guarantor may not exceed the liabilities of the obligor. Provisions in a guarantee that a guarantor will remain liable for the Underlying Obligations notwithstanding the release or discharge of the obligor from the Underlying Obligations may therefore not necessarily be enforced by a Kuwaiti Court or an arbitral panel applying Kuwaiti law.

If the obligations of an obligor pursuant to the contractual documentation to which it is a party are interpreted as a gratuitous act under the laws of Kuwait (such as there being no corporate benefit to the obligor in providing a guarantee), such obligations may under Kuwaiti law, be declared void at the request of a third party creditor.

## INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the Euronext Dublin and shall be deemed to be incorporated in, and to form part of, this Base Listing Particulars:

1. the audited combined financial statements of the Group as at and for the year ended 31 December 2019, including the auditors' report thereon and notes thereto, an electronic copy of which is available at:  
  
<https://www.equate.com/wp-content/uploads/2020/02/Combined-Financial-Statements-of-EQUATE-TKOC-FY-2019-Redc.pdf>;
2. the audited combined financial statements of the Group as at and for the year ended 31 December 2018, including the auditors' report thereon and notes thereto, an electronic copy of which is available at:  
  
<https://www.equate.com/wp-content/uploads/2019/10/EQUATE-and-TKOC-Combined-statement-for-the-year-ended-2018.pdf>;
3. the audited consolidated financial statements of the EQUATE Group as at and for the year ended 31 December 2019, including the auditors' report thereon and notes thereto, an electronic copy of which is available at:  
  
<https://www.equate.com/wp-content/uploads/2020/02/EQUATE-Petrochemical-Co.-K.S.C.C.-and-Subsidiaries-Consolidated-FY-2019-Redc.pdf>;
4. the audited consolidated financial statements of the EQUATE Group as at and for the year ended 31 December 2018, including the auditors' report thereon and notes thereto, an electronic copy of which is available at:  
  
<https://www.equate.com/wp-content/uploads/2019/10/EQUATE-consolidated-Financials-statement-for-the-year-ended-31-December-2018.pdf>;
5. the audited financial statements of TKOC as at and for the year ended 31 December 2019, including the auditors' report thereon and notes thereto, an electronic copy of which is available at:  
  
<https://www.equate.com/wp-content/uploads/2020/02/The-Kuwait-Olefins-Co.-K.S.C.C.-Financial-Statement-FY-2019-Redc.pdf>;
6. the audited financial statements of TKOC as at and for the year ended 31 December 2018, including the auditors' report thereon and notes thereto, an electronic copy of which is available at:  
  
<https://www.equate.com/wp-content/uploads/2019/10/The-Kuwait-Olefins-Company-K.S.C.C.-Financials-statement-for-the-year-ended-31-December-2018.pdf>; and
7. the "*Terms and Conditions of the Certificates*" set out on pages 61 to 104 (inclusive) of the base prospectus dated 15 December 2016 relating to the Programme, an electronic copy of which is available at:  
  
[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_22c4c1a2-7434-476d-846f-0e3d5bb65a18.pdf](https://www.ise.ie/debt_documents/Base%20Prospectus_22c4c1a2-7434-476d-846f-0e3d5bb65a18.pdf).

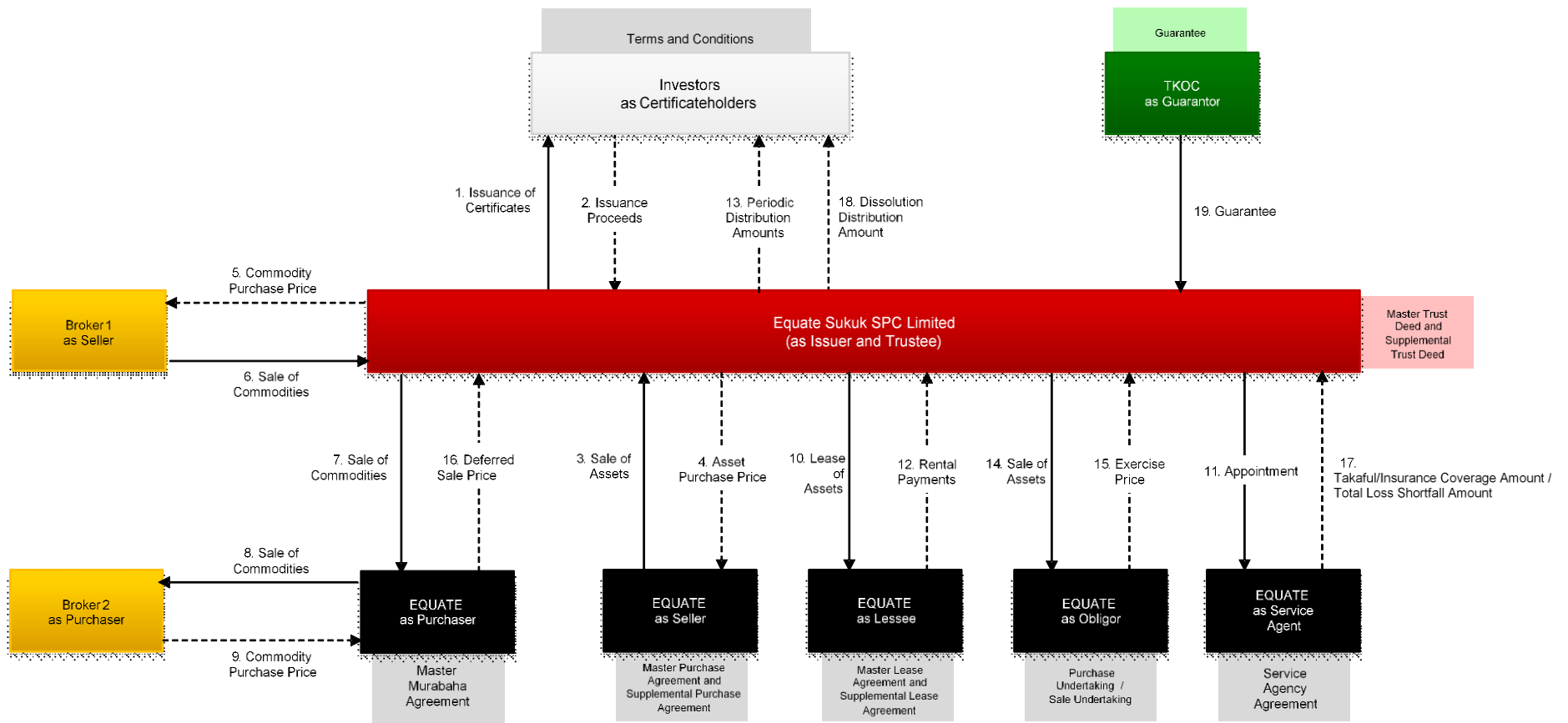
Any information contained in any of the documents specified above which is not incorporated by reference in this Base Listing Particulars is either not relevant to investors or is included elsewhere in this Base Listing Particulars.

## **STRUCTURE DIAGRAM AND CASH FLOWS**

*Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Base Listing Particulars. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Base Listing Particulars for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read this entire Base Listing Particulars carefully, especially the risks of investing in Certificates issued under the Programme discussed under "Risk Factors".*

*[Please see next page]*





## Payments by the Certificateholders and the Trustee

On the issue date of each Tranche of Certificates under a Series (the "**Issue Date**"), the Certificateholders will pay the issue price in respect of the Certificates (the "**Issue Price**") to the Trustee.

The Trustee will use the Issue Price of the first Tranche of each Series as follows:

- (a) an amount as specified in the applicable Pricing Supplement, which shall be no more than 48 per cent. of the aggregate face amount of the relevant Certificates (the "**Murabaha Investment Amount**"), will be used to purchase certain *Shari'a*-compliant commodities (the "**Commodities**") through the Commodity Agent and the Trustee will sell such Commodities to EQUATE (in its capacity as buyer, the "**Buyer**") on a deferred payment basis for a sale price equal to the aggregate of the relevant Murabaha Investment Amount and an amount equal to one per cent. of the aggregate face amount of the relevant Certificates (the "**Deferred Sale Price**") pursuant to a murabaha contract (the "**Murabaha Contract**") (such sale of *Shari'a*-compliant commodities by the Trustee to EQUATE and all of the Trustee's rights and entitlements against EQUATE (in its capacity as buyer) in connection therewith being the "**Commodity Murabaha Investment**"); and
- (b) the remaining portion of the Issue Price (the "**Asset Purchase Price**") will be used to purchase and accept the transfer from EQUATE (in its capacity as "**Asset Seller**") of the Asset Seller's interests, rights, title, benefits and entitlements, present and future, in, to and under certain tangible non-real estate-related assets (including, but not limited to, fixed plant and machinery and infrastructure) located in Kuwait that are free and clear of all encumbrances, are legally and beneficially owned by the Asset Seller and are capable of being sold and leased (each an "**Eligible Asset**") specified in the relevant Supplemental Purchase Agreement (the "**Initial Assets**").

The Trustee will use the Issue Price of any subsequent Tranche of each Series as follows:

- (c) an amount as specified in the applicable Pricing Supplement, which shall be no more than 48 per cent. of the aggregate face amount of the relevant Certificates (and being the Murabaha Investment Amount for such Tranche), will be used to purchase certain Commodities through the Commodity Agent and the Trustee will sell such Commodities to the Buyer on a deferred payment basis for a sale price equal to the aggregate of the Murabaha Investment Amount and an amount equal to one per cent. of the aggregate face amount of the relevant Certificates pursuant to a Murabaha Contract (such arrangement constituting a Commodity Murabaha Investment in respect of that Tranche); and
- (d) the remaining portion of the Issue Price (the "**Additional Exercise Price**") will be used to purchase and accept the transfer from EQUATE of EQUATE's interests, rights, title, benefits and entitlements, present and future, in, to and under additional Eligible Assets (the "**Additional Assets**") in accordance with the terms of the Sale Undertaking.

## Periodic Distribution Payments

The Trustee (as lessor, in such capacity, the "**Lessor**") shall lease the Initial Assets (as may be substituted from time to time in accordance with the Sale Undertaking) and any Additional Assets acquired by the Trustee from time to time in accordance with the Sale Undertaking (but excluding any such assets title to which has been sold or transferred to EQUATE under the terms of the Purchase Undertaking and/or the Sale Undertaking (as applicable)) (together, the "**Lease Assets**") of each Series to EQUATE (as lessee, in such capacity, the "**Lessee**") pursuant to the terms of the Master Lease Agreement and the relevant Supplemental Lease Agreement in consideration for the payment of Rental on the Business Day immediately preceding each Periodic Distribution Date (each such date being a "**Rental Payment Date**").

The Rental due on a Rental Payment Date shall be an amount equal to the Periodic Distribution Amount payable under the relevant Certificates in respect of the corresponding Periodic Distribution Period. Such Rental shall be sufficient to fund the Periodic Distribution Amounts payable by the Trustee in respect of the relevant Certificates.

## **Distribution Payments**

On the Business Day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the outstanding Deferred Sale Price under each Murabaha Contract relating to that Series shall be due and payable; and
- (b) the Trustee will have the right under the Purchase Undertaking to require EQUATE to purchase all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Lease Assets in consideration for payment by EQUATE of the Exercise Price.

The outstanding Deferred Sale Price payable by EQUATE under the Master Murabaha Agreement and the Exercise Price payable by EQUATE under the Purchase Undertaking, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the relevant Certificates.

The Certificates in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) redemption following a Dissolution Event; and
- (b) an early redemption for taxation reasons.

In each case, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

The Certificates in relation to any Series shall be redeemed in whole following the occurrence of a Total Loss Event. On the business day prior to the relevant Total Loss Event Dissolution Date in relation to each Series the outstanding Deferred Sale Price under each Murabaha Contract relating to that Series shall be due and payable. In addition, EQUATE, in its capacity as Service Agent, under the Service Agency Agreement shall be required to (i) pay all Takaful/Insurance Proceeds to the Transaction Account by no later than close of business in Kuwait on the 30<sup>th</sup> day after the occurrence of a Total Loss Event; and/or (ii) pay any Total Loss Shortfall Amount (unless the Service Agent proves beyond any doubt that any shortfall in the Takaful/Insurance Proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) to the Transaction Account by no later than close of business in Kuwait on the 31<sup>st</sup> day after the occurrence of a Total Loss Event.

The outstanding Deferred Sale Price payable by EQUATE under the Master Murabaha Agreement, the Takaful/Insurance Proceeds paid by the Service Agent under the Service Agency Agreement (if any) and the Total Loss Shortfall Amount payable by the Service Agent under Service Agency Agreement (unless the Service Agent proves beyond any doubt that any shortfall in the Takaful/Insurance Proceeds is not attributable to its negligence or its failing to comply with the terms of Service Agency Agreement relating to insurance), are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates on the Total Loss Event Dissolution Date.

The Certificates in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) if so specified in the applicable Pricing Supplement, at the option of the Certificateholders;
- (b) if so specified in the applicable Pricing Supplement, at the option of EQUATE; and
- (c) if so specified in the applicable Pricing Supplement, at the option of the Certificateholders on the occurrence of a Change of Control Event.

Upon the exercise of such right, the Trustee shall redeem the relevant Certificates for an amount equal to the sum of the aggregate outstanding face amount of such certificates and the Periodic Distribution Amounts on such Certificates (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the applicable Pricing Supplement. Such redemption of the Certificates will be funded in a similar manner to that described above for the payment of the Dissolution Distribution Amount through: (i) a proportionate amount of the outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series becoming immediately due and payable; and (ii) the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportionate amount of the Lease Assets

being sold by the Trustee to EQUATE pursuant to the Purchase Undertaking or the Sale Undertaking at an Exercise Price such that the aggregate amounts received by the Trustee are sufficient to pay the amount payable in respect of the Certificates being redeemed.

## FORM OF THE CERTIFICATES

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

### Global Certificates

#### *Form of Certificates*

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

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

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

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

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

For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear, Clearstream, Luxembourg and/or DTC ownership interests in the Global Certificate will be shown on, and

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

### ***Payments***

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

### ***Exchange for Individual Certificates***

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

### ***Delivery***

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

### ***Cancellation***

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

### **Put options**

If the Optional Dissolution Right (Put Option) or the Change of Control Put Option is specified as applicable in the applicable Pricing Supplement, the Optional Dissolution Right (Put Option) or the Change of Control Put Option, as the case may be, may be exercised by the holder of the Global Certificate giving notice to the relevant Registrar or the relevant Transfer Agent of the face amount of Certificates in respect of which the option is exercised and presenting the Global Certificate within the time limits specified in Condition 8.4 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) or Condition 8.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*), as the case may be.

### ***Notices***

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

### **Transfer of Interests**

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

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

### **General**

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

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

The Trustee may agree with any Dealer that relevant Certificates may be issued in a form not contemplated by the Terms and Conditions of the Certificates in which event a new Base Listing Particulars, a drawdown

prospectus or a supplement to this Base Listing Particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.



## APPLICABLE PRICING SUPPLEMENT

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

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

Pricing Supplement dated [•]

### **EQUATE Sukuk SPC Limited**

**Legal Entity Identifier (LEI): 635400Z3EZF2GJPTDR68**

**Issue of [Aggregate face amount of Series] [Title of Certificates]**

**under the U.S.\$2,000,000,000 Trust Certificate Issuance Programme**

### **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Certificates set forth in the base listing particulars dated 10 March 2020 [and the supplement(s) to it dated [•] ([together] the "**Base Listing Particulars**"). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Base Listing Particulars. Full information on the Trustee, EQUATE, TKOC and the offer of the Certificates is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars. The Base Listing Particulars [and this Pricing Supplement] [is][are] available for viewing on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)) and copies may be obtained during normal business hours from the registered office of the Principal Paying Agent at [•].]

1. Trustee: EQUATE Sukuk SPC Limited
2. Seller, Lessee, Buyer and Service Agent: EQUATE Petrochemical Company K.S.C.C. ("**EQUATE**")
3. Guarantor: The Kuwait Olefins Company K.S.C.C. ("**TKOC**")
4. (a) Series Number: [•]  
(b) Tranche Number: [•]/[Not Applicable]  
(c) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form with [•] on [the Issue Date]/[the date that is 40 days after the Issue Date]/[Not Applicable]
5. Specified Currency or [•]  
Currencies:

6. Aggregate Face Amount of:
- (a) Series: [•]
- (b) Tranche: [•]/[Not Applicable]
7. (i) Issue Price: [100]/[•] per cent. of the Aggregate Face Amount
- (ii) Murabaha Investment Amount: [•]
- (iii) Murabaha Profit: [•]
- (iv) Asset Purchase Price for Initial Assets: [•]
8. (a) Specified Denominations: [•]
- (b) Calculation Amount: [•]
9. (a) Issue Date: [•]
- (b) Profit Commencement Date: [•]/[Issue Date]/[Not Applicable]
10. Scheduled Dissolution Date: [•]
11. Dissolution Basis: The Certificates will be redeemed at [100] per cent. of their aggregate face amount
12. Put/Call Options: [Not Applicable]  
[Certificateholder Put Right]  
[Optional Dissolution Right]  
[Change of Control Put Right]
13. (a) Status: The Certificates are direct, unsecured and limited recourse obligations of the Trustee
- The payment obligations of EQUATE (in any capacity) under the Transaction Documents are direct, unsecured and unsubordinated obligations, and are guaranteed by TKOC in the manner described in Condition 4.2 (*Status, Guarantee and Limited Recourse*)
- (b) Date of Trustee board approval for issuance of Certificates and entry into the related Transaction Documents obtained: [•]
- (c) Date of EQUATE and TKOC board approval for entry into the related Transaction Documents to which it is a party obtained: [•] and [•], respectively

**PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE**

14. Fixed Rate Certificate Provisions: [Applicable]/[Not Applicable]

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

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

**PROVISIONS RELATING TO DISSOLUTION**

- 16. Optional Dissolution Right: [Applicable]/[Not Applicable]
  - (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[•] per Calculation Amount]
  - (b) Optional Dissolution Date(s): [Any Periodic Distribution Date]/[•]

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

**GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES**

21. Form of Certificates: Registered Form Certificates
- [Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate]
- [Definitive IAI Registered Certificates]
- [Reg S Compliance Category [2]]; [Rule 144A]; TEFRA Not Applicable
22. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable]/[•]

**PROVISIONS IN RESPECT OF THE TRUST ASSETS**

23. Details of Transaction Account: Transaction Account No: [•] with Citibank N.A., London Branch for Series No.: [•]

24. Other Transaction Document

Information:

- |     |                                     |       |   |
|-----|-------------------------------------|-------|---|
| (a) | Supplemental<br>Deed:               | Trust | Supplemental Trust Deed dated [•] between the Trustee,<br>EQUATE, TKOC and the Delegate |
| (b) | Supplemental Purchase<br>Agreement: |       | Supplemental Purchase Agreement dated [•] between the<br>Purchaser and EQUATE           |
| (c) | [•]:                                |       | [•]   |

**SIGNED** on behalf of

**EQUATE SUKUK SPC LIMITED**

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

**SIGNED** on behalf of

**EQUATE PETROCHEMICAL COMPANY K.S.C.C.:**

By: .....  
*Duly authorised*

**SIGNED** on behalf of

**THE KUWAIT OLEFINS COMPANY K.S.C.C.:**

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(a) Listing and admission to trading: [Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to the Official List and to trading on the Global Exchange Market of Euronext Dublin with effect from [•].]

[Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to the Official List and to trading on the Global Exchange Market of Euronext Dublin) with effect from [•].]

[Not Applicable]

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

### 2. RATINGS

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

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

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

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

### 4. USE OF PROCEEDS

[General corporate purposes]/[•]

### 5. ESTIMATED NET PROCEEDS

[•]

### 6. PROFIT OR RETURN

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

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

### 7. HISTORIC RATES

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

### 8. OPERATIONAL INFORMATION

(a) ISIN: [•]

(b) Common Code: [•]

(c) CUSIP: [•]

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

7. **THIRD PARTY INFORMATION**

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



## TERMS AND CONDITIONS OF THE CERTIFICATES

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

### 1. Introduction

- 1.1 **Programme:** EQUATE Sukuk SPC Limited (in its capacities as issuer and as trustee, the "**Trustee**"), has established a trust certificate issuance programme (the "**Programme**") for the issuance of trust certificates (the "**Certificates**"), from time to time representing obligations of EQUATE Petrochemical Company K.S.C.C. ("**EQUATE**"), in a maximum aggregate face amount of U.S.\$2,000,000,000 (or the equivalent in other currencies calculated as described in the amended and restated programme agreement between the Trustee, EQUATE, TKOC and the Dealers (as defined and named therein) dated 10 March 2020 (the "**Programme Agreement**")), or such other maximum aggregate face amount as increased in accordance with the terms of the Programme Agreement. The Kuwait Olefins Company K.S.C.C. ("**TKOC**", and together with EQUATE, the "**Obligors**") shall enter into a guarantee (contained in the Master Trust Deed) in favour of the Trustee and the Delegate pursuant to which TKOC will guarantee the payment and performance obligations of EQUATE under each of the Transaction Documents to which it is a party.

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

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

- 1.2 **Pricing Supplement:** Certificates issued under the Programme are issued in Series. Each Series is the subject of pricing supplement (the "**Pricing Supplement**") which supplements these terms and conditions (the "**Conditions**"). Each Series may comprise one or more Tranches issued on different Issue Dates (as defined below). The terms and conditions applicable to any particular Series of Certificates are these Conditions as supplemented by the applicable Pricing Supplement.
- 1.3 **Trust Deed:** The Certificates are constituted by an amended and restated master trust deed dated 10 March 2020 between the Trustee, EQUATE, TKOC and Citibank N.A., London Branch in its capacity as donee of certain powers and as the Trustee's delegate (the "**Delegate**", which expression shall include all persons for the time being the delegate or delegates under such master trust deed) (the "**Master Trust Deed**") as supplemented by a supplemental trust deed entered into on the date of issue of the relevant Certificates (the "**Issue Date**") in respect of the relevant Series (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**").
- 1.4 **Agency Agreement:** An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 10 March 2020 has been entered into in relation to the Programme between the Trustee, EQUATE, TKOC, the Delegate, Citibank N.A., London Branch as initial principal paying agent, paying agent, transfer agent and calculation agent, Citigroup Global Markets Europe AG as registrar and the other agents named in it.
- 1.5 **Other Transaction Documents:** These Conditions are subject to the detailed provisions of the Trust Deed, the Agency Agreement and the other Transaction Documents (as defined below). The Certificateholders (as defined below) are bound by, and are deemed to have notice of, all the

provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection, on prior notice, during normal business hours at the Specified Office of the Principal Paying Agent.

- 1.6 **Authorisation:** Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (i) to apply the proceeds of the issue of the Certificates towards the purchase of the relevant Lease Assets and the entry into of a Commodity Murabaha Investment (in the proportions to be determined prior to the relevant Issue Date and otherwise in accordance with the provisions of the Transaction Documents); and (ii) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

## 2. Definitions and Interpretation

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

"**Additional Business Centre(s)**" means the city or cities specified as such in the applicable Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the applicable Pricing Supplement;

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

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

"**Broken Amount**" has the meaning given in the applicable Pricing Supplement;

"**Business Day**" means:

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

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

"**Calculation Agent**" means, in relation to any Series of Certificates, the institution appointed as calculation agent for the purposes of such Certificates and named as such in the applicable Pricing Supplement, in the case of the Principal Paying Agent pursuant to the Agency Agreement, in the case of a Dealer, pursuant to the calculation agent provisions contained in clause 2.5 of the Programme Agreement;

"**Calculation Amount**" has the meaning given to in the applicable Pricing Supplement;

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

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

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

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

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

"**Change of Control Event**" shall occur if Dow Europe Holding B.V. and Petrochemicals Industries Company K.S.C.C. together cease to hold (directly or indirectly) beneficially more than 50 per cent. of the issued share capital of either EQUATE or TKOC;

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

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

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

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

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

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

"**Commodities**" means any of the commodities traded over the counter, which comprise any *Shari'a* compliant London Metal Exchange approved non-ferrous base metals, platinum group metals, or other *Shari'a* compliant commodities acceptable to EQUATE and the Trustee, which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults;

"**Commodity Murabaha Investment**" means, in relation to a Series, the sale of certain Commodities by the Trustee to EQUATE (in its capacity as the Buyer (as defined in the Master Murabaha Agreement)), which Commodities were initially purchased by the Trustee using a proportion of the proceeds of the issue of the Certificates, pursuant to the Master Murabaha Agreement;

"**Corporate Services Agreement**" means the corporate services agreement dated 22 November 2016 between the Trustee and the Corporate Service Provider;

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

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

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

- (ii) where the Calculation Period is longer than one Determination Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year,

where:

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

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

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

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

where:

**"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 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;

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

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

where:

"**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; and

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

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

where:

"**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: (A) that day is the last day of February; or (B) 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: (A) that day is the last day of February but not the Scheduled Dissolution Date; or (B) such number would be 31, in which case D<sub>2</sub> will be 30,

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

**"Deferred Sale Price"** means the deferred sale price payable by EQUATE to the Trustee in respect of the Commodity Murabaha Investment as further described in the Master Murabaha Agreement;

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

**"Designated Maturity"** means the period of time specified as such in the applicable Pricing Supplement;

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

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;
- (d) any Certificateholder Put Right Date;
- (e) any Change of Control Put Date;
- (f) any Dissolution Event Redemption Date;
- (g) any Total Loss Event Dissolution Date; or
- (h) such other date as specified in the applicable Pricing Supplement for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

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

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

**"Dissolution Event"** means a Trustee Event, an EQUATE Event or a TKOC Event;

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

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

**"DTC"** means The Depository Trust Company;

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

**"EQUATE Event"** means, with respect to any Series, any of the following events:

- (a) *Non-Payment*: EQUATE fails to pay any amount in the nature of principal (corresponding to the Dissolution Distribution Amount payable by the Trustee under the Certificates) or profit (corresponding to the Periodic Distribution Amounts payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party on the due date for payment thereof and such failure has continued for a period of seven days in the case of principal or 14 days in the case of payments in the nature of profit; or
- (b) *Breach of Other Obligations*: EQUATE fails to perform, comply or observe any of its other obligations under the Transaction Documents to which it is a party which default is,

in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not in the opinion of the Delegate remedied within 45 days after written notice of such default shall have been given to EQUATE by the Trustee (or the Delegate acting on behalf of the Trustee) requiring the same to be remedied; or

- (c) *Cross-Acceleration*: (i) any Indebtedness or Sukuk Obligation of EQUATE or any Material Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (ii) any such Indebtedness or Sukuk Obligation is not paid when due or, as the case may be, within any applicable grace period; or (iii) EQUATE or any Material Subsidiary fails to pay when due or, as the case may be, within any applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, save in each case where the liability in respect of the relevant Indebtedness or Sukuk Obligation, guarantee or indemnity is being contested by EQUATE or any Material Subsidiary, as the case may be, in good faith and by all appropriate means and **provided that** the aggregate amount of the relevant Indebtedness or Sukuk Obligation, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates)); or
- (d) *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 EQUATE or any Material Subsidiary and is not discharged, withdrawn or stayed within 60 days; or
- (e) *Security Enforced*: any Security Interest, present or future, created or assumed by EQUATE or any Material Subsidiary and securing an amount which equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates)) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person, but excluding the issue of any notification to EQUATE or any Material Subsidiary, as the case may be, that such Security Interest has become enforceable) unless the full amount of the debt which is secured by the relevant Security Interest is discharged within 30 days of the first date on which a step is taken to enforce the relevant Security Interest; or
- (f) *Insolvency*: (i) EQUATE or any Material Subsidiary is (or is deemed by a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends (or is granted a suspension) or threatens to stop or suspend payment of all or a substantial part of its debts, 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 in respect of or affecting all or any part of the debts of EQUATE or any Material Subsidiary; or (ii) any expropriation, attachment, sequestration, distress or execution (including by way of executory attachment or interlocutory attachment) affects any asset or assets of EQUATE or any Material Subsidiary having an aggregate value of U.S.\$25,000,000 or more (or its equivalent in another currency or currencies) and is not discharged within 30 days; or
- (g) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of EQUATE or any Material Subsidiary, EQUATE or any Material Subsidiary shall apply or petition for a winding-up or administration order in respect of itself, which in each case (other than the appointment of an administrator) is not discharged within 30 days, or it ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, and except for the purpose of and followed by: (i) a Permitted Reorganisation; or (ii) any other reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Certificateholders; or

- (h) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable EQUATE to lawfully to enter into, exercise its rights and perform and comply with its respective obligations under the Certificates; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Certificates admissible in evidence in the courts of the State of Kuwait (the "**Kuwaiti Courts**"), is not taken, fulfilled or done; or
- (i) *Repudiation*: EQUATE repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, the Certificates or the relevant Transaction Document to which it is a party; or
- (j) *Expropriation*: the authority or ability of EQUATE to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to EQUATE or any of its assets or the shares in EQUATE (including without limitation the displacement of all or part of the management of EQUATE), if such acts or such curtailment has or is reasonably likely to adversely affect the interests of the Certificateholders in any material respect; or
- (k) *Illegality*: it is or will become unlawful for EQUATE to perform or comply with any one or more of its respective obligations under any of the Certificates or the Transaction Documents, **provided that** such unlawfulness has or is reasonably likely to affect the interests of the Certificateholders in any material respect; or
- (l) *Analogous Events*: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (f) and (g) above.

*Pursuant to the Master Trust Deed, EQUATE has irrevocably undertaken to, upon the occurrence of a Permitted Reorganisation, assume, and to perform at the relevant time, any and all of the obligations of TKOC under the Master Trust Deed and each other Transaction Document to which TKOC is a party, and references in each Transaction Document to "TKOC", shall be to EQUATE;*

"**Euroclear**" means Euroclear Bank SA/NV;

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

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

"**Finance Lease**" means any lease or hire purchase contract which would, in accordance with generally accepted accounting principles, be treated as a finance or capital lease;

"**Fixed Amount**" means the amount specified as such in the applicable Pricing Supplement;

"**Fixed Rate Certificates**" means a Series in respect of which "Fixed Rate Certificate Provisions" are specified as applicable in the applicable Pricing Supplement;

"**Floating Rate Certificates**" means a Series in respect of which "Floating Rate Certificate Provisions" are specified as applicable in the applicable Pricing Supplement;

"**Group**" collectively, the Trustee, TKOC and EQUATE and any of their consolidated subsidiaries and associates;

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



**"Indebtedness"** means any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of *Shari'a*, whether entered into directly or indirectly by the Trustee or either Obligor, as the case may be;

**"Initial Assets"** means, in relation to each Series, the Lease Assets specified as such in the relevant supplemental purchase agreement;

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

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

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

**"Lease Assets"** has the meaning given to it in the Master Lease Agreement;

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

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

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

**"Margin"** has the meaning given in the applicable Pricing Supplement;

**"Master Lease Agreement"** means the amended and restated master lease agreement dated 10 March 2020 between the Trustee (as lessor) and EQUATE (as lessee);

**"Master Murabaha Agreement"** means the amended and restated master murabaha agreement dated 10 March 2020 and made between the Trustee and EQUATE (as buyer);

**"Master Purchase Agreement"** means the amended and restated master purchase agreement dated 10 March 2020 between the Trustee (as purchaser) and EQUATE (as seller);

**"Material Subsidiary"** has the meaning given to it in Condition 6.2 (*Negative Pledge*);

**"Maximum Optional Dissolution Amount"** means the amount specified as such in the applicable Pricing Supplement;

**"Minimum Optional Dissolution Amount"** means the amount specified as such in the applicable Pricing Supplement;

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

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

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

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

**"Payment Business Day"** means:

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

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

**"Periodic Distribution Date"** means the date or dates specified as such in the applicable Pricing Supplement;

**"Permitted Reorganisation"** means the merger of TKOC into EQUATE, or the solvent liquidation of TKOC so long as any payments or assets distributed as a result of that liquidation are distributed to EQUATE;

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

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

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

**"Principal Paying Agent"** means Citibank N.A., London Branch or any successor appointed as principal paying agent under the Programme pursuant to the Agency Agreement in respect of each Series of Certificates in its capacities: as (i) principal paying agent for such Series; and (ii) the account bank with which the Transaction Account for each such Series is established;

**"Profit Commencement Date"** means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

**"Profit Period Date"** means each Periodic Distribution Date unless otherwise specified in the applicable Pricing Supplement;

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

**"Profit Rate Determination Date"** means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified: (i) the day falling one Business Day prior to the first day of such Return Accumulation Period if

the Specified Currency is Sterling; or (ii) the day falling two Business Days for the Specified Currency prior to the first day of such Return Accumulation Period if the Specified Currency is neither Sterling nor euro; or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period if the Specified Currency is euro;

**"Purchase Undertaking"** means the amended and restated purchase undertaking dated 10 March 2020 and granted by EQUATE for the benefit of the Trustee and the Delegate;

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

**"Reference Banks"** has the meaning given in the applicable Pricing Supplement or, if none, four major banks selected by EQUATE in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the applicable Pricing Supplement;

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

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

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

**"Registered Office Agreement"** means the registered office agreement dated 22 November 2016 between the Trustee and the Corporate Service Provider;

**"Registrar"** means, in respect of each Series of Certificates, Citigroup Global Markets Europe AG or any successors thereto in each case as registrar under the Agency Agreement (or such other registrar as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series);

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

**"Relevant Jurisdictions"** means: (i) in the case of the Trustee, the United Arab Emirates, the Emirate of Dubai or the Dubai International Financial Centre (the "**DIFC**") or (in each case) any political subdivision or any authority thereof or therein having power to tax; or (ii) in the case of each of EQUATE and TKOC, the State of Kuwait ("**Kuwait**") or any political subdivision or any authority thereof or therein having the power to tax;

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

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

**"Relevant Time"** has the meaning given in the applicable Pricing Supplement;

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

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

**"Return Accumulation Period"** means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

**"Sale Undertaking"** means the amended and restated sale undertaking dated 10 March 2020 and granted by the Trustee for the benefit of EQUATE;

**"Scheduled Dissolution Date"** means the date specified as such in the applicable Pricing Supplement;

**"Security Interest"** has the meaning given to it in Condition 6.2 (*Negative Pledge*);

**"Service Agency Agreement"** means the amended and restated service agency agreement dated 10 March 2020 between the Trustee and the Service Agent;

**"Service Agent"** means EQUATE acting in its capacity as service agent under the Service Agency Agreement;

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

**"Specified Denominations"** means the amount(s) specified as such in the applicable Pricing Supplement;

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

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

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

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

**"TKOC Event"** means, with respect to any Series, any of the following events:

- (a) *Non-Payment*: TKOC fails to pay any amount in the nature of principal (corresponding to the Dissolution Distribution Amount payable by the Trustee under the Certificates) or profit (corresponding to the Periodic Distribution Amounts payable by the Trustee under

the Certificates) payable by it pursuant to any Transaction Document to which it is a party on the due date for payment thereof and such failure has continued for a period of seven days in the case of principal or 14 days in the case of payments in the nature of profit; or

- (b) *Breach of Other Obligations*: TKOC fails to perform, comply or observe any of its other obligations under the Transaction Documents to which it is a party which default is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not in the opinion of the Delegate remedied within 45 days after written notice of such default shall have been given to TKOC by the Trustee (or the Delegate acting on behalf of the Trustee) requiring the same to be remedied; or
- (c) *Cross-Acceleration*: (i) any Indebtedness or Sukuk Obligation of TKOC or any Material Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (ii) any such Indebtedness or Sukuk Obligation is not paid when due or, as the case may be, within any applicable grace period; or (iii) TKOC or any Material Subsidiary fails to pay when due or, as the case may be, within any applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, save in each case where the liability in respect of the relevant Indebtedness or Sukuk Obligation, guarantee or indemnity is being contested by TKOC or any Material Subsidiary, as the case may be, in good faith and by all appropriate means and **provided that** the aggregate amount of the relevant Indebtedness or Sukuk Obligation, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates)); or
- (d) *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 TKOC or any Material Subsidiary and is not discharged, withdrawn or stayed within 60 days; or
- (e) *Security Enforced*: any Security Interest, present or future, created or assumed by TKOC or any Material Subsidiary and securing an amount which equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates)) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person, but excluding the issue of any notification to TKOC or any Material Subsidiary, as the case may be, that such Security Interest has become enforceable) unless the full amount of the debt which is secured by the relevant Security Interest is discharged within 30 days of the first date on which a step is taken to enforce the relevant Security Interest; or
- (f) *Insolvency*: (i) TKOC or any Material Subsidiary is (or is deemed by a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends (or is granted a suspension) or threatens to stop or suspend payment of all or a substantial part of its debts, 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 in respect of or affecting all or any part of the debts of TKOC or any Material Subsidiary; or (ii) any expropriation, attachment, sequestration, distress or execution (including by way of executory attachment or interlocutory attachment) affects any asset or assets of TKOC or any Material Subsidiary having an aggregate value of U.S.\$25,000,000 or more (or its equivalent in another currency or currencies) and is not discharged within 30 days; or
- (g) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of TKOC or any Material Subsidiary, TKOC or any Material Subsidiary shall apply or petition for a winding-up or administration order in respect of itself, which in each case (other than the appointment of

an administrator) is not discharged within 30 days, or it ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, and except for the purpose of and followed by: (i) a Permitted Reorganisation; or (ii) any other reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Certificateholders; or

- (h) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable TKOC to lawfully to enter into, exercise its rights and perform and comply with its respective obligations under the Certificates; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Certificates admissible in evidence in the Kuwaiti Courts, is not taken, fulfilled or done; or
- (i) *Repudiation*: TKOC repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, the Certificates or the relevant Transaction Documents to which it is a party; or
- (j) *Expropriation*: the authority or ability of TKOC to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to TKOC or any of its assets or the shares in TKOC (including without limitation the displacement of all or part of the management of TKOC), if such acts or such curtailment has or is reasonably likely to adversely affect the interests of the Certificateholders in any material respect; or
- (k) *Illegality*: it is or will become unlawful for TKOC to perform or comply with any one or more of its respective obligations under any of the Certificates or the Transaction Documents, **provided that** such unlawfulness has or is reasonably likely to affect the interests of the Certificateholders in any material respect; or
- (l) *Guarantee*: the Guarantee is not (or is claimed by TKOC not to be) in full force and effect; or
- (m) *Analogous Events*: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (f) and (g) above.

**"Total Loss Event"** means, in relation to each Series: (i) the total loss or destruction of, or damage to the whole of, the Lease Assets of that Series or any event or occurrence which renders the whole of the Lease Assets of that Series permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets of that Series) the repair or remedial work in respect thereof is wholly uneconomical; or (ii) the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Lease Assets of that Series;

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

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

**"Total Loss Shortfall Amount"** has the meaning given to it in the Master Lease Agreement;

**"Transaction Account"** means, in relation to a particular Series, the non-interest bearing transaction account in London established by the Trustee and held with Citibank N.A., London Branch denominated in the Specified Currency, details of which are set out in the applicable Pricing Supplement into which, among other things, EQUATE will deposit all amounts due to the Trustee under the Transaction Documents;

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

- (a) the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed;
- (b) the Agency Agreement;
- (c) the Master Purchase Agreement as supplemented by the applicable supplemental purchase agreement;
- (d) the Master Lease Agreement as supplemented by the applicable supplemental lease agreement;
- (e) the Sale Undertaking (together with each relevant sale agreement and additional purchase agreement executed upon exercise of the Sale Undertaking);
- (f) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);
- (g) the Master Murabaha Agreement; and
- (h) the Service Agency Agreement;

(together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series);

**"Transfer Agent"** means, in respect of each Series of Certificates, Citibank N.A., London Branch or any successors thereto in each case as transfer agent under the Agency Agreement (and such further or other transfer agents as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series);

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

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

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

- (a) *Non-payment*: the Trustee fails to pay any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or profit or otherwise) in respect of the Certificates on the due date for payment thereof and such failure has continued for a period of seven days in the case of any Dissolution Distribution Amount or 14 days in the case of any Periodic Distribution Amount; or
- (b) *Breach of other obligations*: the Trustee does not perform, comply with or observe any one or more of its other duties, obligations or undertakings in respect of the Transaction Documents which default is, in the opinion of the Delegate, incapable of remedy, or, if in the opinion of the Delegate is capable of remedy is not, in the opinion of the Delegate, remedied within the period of 45 days after written notice of such default shall have been given by the Delegate to the Trustee requiring the same to be remedied; or
- (c) *Enforcement Proceedings*: any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 60 days; or
- (d) *Insolvency*: the Trustee is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or

- (e) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Certificateholders; or
- (f) *Illegality*: it is or will become unlawful for the Trustee to perform or comply with any one or more of its respective obligations under any of the Certificates or the Transaction Documents, **provided that** such unlawfulness has or is reasonably likely to affect the interests of the Certificateholders in any material respect; or
- (g) *Analogous Events*: any event occurs which under the laws of the DIFC has an analogous effect to any of the events referred to in paragraphs (c) to (e) (inclusive) above.

For the purpose of paragraph (a) (*Non-payment*) above of this definition, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts expressed to be payable under Condition 7 (*Periodic Distribution Amounts*)) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5.2 (*Application of Proceeds from Trust Assets*) or otherwise) subject always to Condition 4.3 (*Limited Recourse*); and

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

## 2.2 Interpretation

In these Conditions:

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

## 3. Form, Denomination, Title and Transfer

- 3.1 **Certificates**: The Certificates are issued in registered form in the Specified Denomination(s), which may include a minimum denomination specified in the applicable Pricing Supplement and higher



integral multiples of a smaller amount specified in the applicable Pricing Supplement, and, in the case of Certificates in definitive form, are serially numbered.

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

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

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

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

3.4 **Transfers of Certificates:**

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

(a) **Transfers of beneficial interests in the Global Certificate:** Transfers of beneficial interests in the Global Certificate will be effected by Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear,

Clearstream, Luxembourg and/or DTC (as applicable) and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

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

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

- 3.5 *Exercise of Options or Partial Dissolution in Respect of Certificates:* In the case of an exercise of the Trustee's, EQUATE's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the Registrar will update the entries on the Register accordingly and, in the case of Individual Certificates, new Individual Certificates shall be issued to the Holders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent.
- 3.6 *No Charge:* The transfer of a Certificate, exercise of an option or partial dissolution will be effected without charge by or on behalf of the Trustee, EQUATE or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured first class mail (airmail if overseas).
- 3.7 *Closed Periods:* Certificateholders may not require transfers to be registered:
- (a) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of the relevant Certificates falls due;
  - (b) during the period of 15 days ending on (and including) any date on which the relevant Certificates may be called for redemption by the Trustee or EQUATE at its option pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*) or Condition 8.3 (*Dissolution at the Option of EQUATE (Optional Dissolution Right)*); or
  - (c) after a Certificateholder Put Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.4 (*Dissolution at the Option of*

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

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

#### 4. **Status, Guarantee and Limited Recourse**

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

4.2 **Guarantee:** The obligations of EQUATE under the relevant Transaction Documents are direct, unsecured and unsubordinated, and are unconditionally and irrevocably guaranteed by TKOC pursuant to the Master Trust Deed. The proceeds received by or on behalf of the Trustee (or the Delegate, as applicable) upon enforcement of TKOC's obligations under the Master Trust Deed shall be paid into the Transaction Account for distribution to the Certificateholders in accordance with these Conditions.

4.3 **Limited Recourse:** Save as provided in this Condition 4.3, the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, EQUATE (acting in any capacity), TKOC, any of the Agents or any of their respective affiliates. The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

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

winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;

- (e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee or the Delegate in their capacity as such. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the shareholders, officers, employees, agents, directors or corporate services provider of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party's wilful default or actual fraud. Reference in this Condition 4.3 to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificates. No collateral is or will be given for the payment obligations of the Trustee under the Certificates (without prejudice to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)).

Pursuant to the terms of the Transaction Documents, the Obligors are obliged to make payments under the relevant Transaction Documents to which they are a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against each Obligor to recover payments due to the Trustee from the Obligors pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.3. Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*)) constitute an unsecured claim against the relevant Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligors in connection with the enforcement of any such claim.

## 5. **The Trust**

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

- (a) the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Lease Assets from time to time;
- (c) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by EQUATE to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 18.1 of the Master Trust Deed; and (ii) the Guarantee given by TKOC for the obligations of EQUATE under the Transaction Documents);
- (d) all moneys standing to the credit of the Transaction Account from time to time; and
- (e) all proceeds of the foregoing.

5.2 **Application of Proceeds from Trust Assets:** On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the

relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

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

5.3 **Transaction Account:** The Trustee will establish a Transaction Account in London in respect of each Series prior to the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Certificateholders into which EQUATE will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents. In addition, any amounts due from TKOC under the relevant Trust Deed will be paid into the Transaction Account.

## 6. Covenants

6.1 **Trustee Covenants:** In addition to the Trustee's covenants contained in clause 12.3 (*Trustee Covenants*) of the Master Trust Deed, the Trustee covenants that for so long as any Certificates are outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any Indebtedness (including any Sukuk Obligation) in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (b) secure any of its present or future Indebtedness by any lien, pledge, charge or other Security Interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever

- or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (d) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms of the Trust Deed) or its constitutional documents;
  - (e) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
  - (f) have any subsidiaries or employees;
  - (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
  - (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
  - (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
  - (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
    - (i) as contemplated, provided for or permitted in the Transaction Documents;
    - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
    - (iii) such other matters which are incidental thereto.

## 6.2 **Negative Pledge:**

So long as any Certificate remains outstanding (as defined in the Master Trust Deed), none of TKOC or EQUATE will, and each of TKOC or EQUATE shall procure that no Material Subsidiary will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Sukuk Obligation, without at the same time or prior thereto according to the Certificates the same Security Interest as is created or subsisting to secure any such Relevant Indebtedness, Sukuk Obligation, guarantee or indemnity or such other Security Interest as shall be approved by an Extraordinary Resolution (as defined in the Master Trust Deed) of the Certificateholders.

In addition, each of EQUATE and TKOC have agreed in Clause 4.2 of the Master Trust Deed that, so long as any Certificate remains outstanding, each of EQUATE and TKOC will not, and shall procure that no member of the Group shall, enter into any Asset Sale, other than a Permitted Asset Sale, in respect of an asset with a book value that exceeds 10 per cent. of the consolidated total assets of EQUATE and TKOC (as determined by reference to the Joint Accounts unless the net proceeds of such sale are at least equal to the fair value (as determined by the board of directors of the relevant company) of such asset). For this purpose:

"**Accounting Principles**" means IFRS (or, in the case of the Joint Accounts, IFRS in relation to the consolidated accounts of EQUATE and TKOC used to compile such Joint Accounts);

"**Asset Sale**" means any sale, lease, sale and lease-back, transfer or other disposition by any of EQUATE or TKOC of all or any of the legal or beneficial interest in any property, assets and/or business of any member of the Group or the TKOC Group (including, without limitation, all or any of the legal or beneficial interest in the Capital Stock of any Subsidiary of each of EQUATE

and TKOC), in one or more connected transactions, to any Person who is not a member of the Group or the TKOC Group at such time;

**"Capital Stock"** means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such person, whether outstanding on the date on which agreement is reached to issue the first Tranche of the Certificates or issued after such date, including, without limitation, all series and classes of such Capital Stock;

**"Financial Year"** means the annual accounting period of the Group and the TKOC Group ending on 31 December in each year;

**"Joint Accounts"** means the audited combined financial statements of the Group (which shall be prepared in accordance with the Accounting Principles and audited by any reputable international firm of qualified accountants with appropriate expertise and experience to perform the role of auditor for either EQUATE or TKOC, using EQUATE's and TKOC's respective audited consolidated (in the case of TKOC only, to the extent it has any Subsidiaries) financial data for the relevant period) for that Financial Year;

**"Permitted Asset Sale"** means an Asset Sale which is entered into on the following terms:

- (a) (i) the sale is made for the purpose of raising unsecured finance in a manner which is intended to be Sharia-compliant, (ii) the only recourse of the purchaser in respect of the asset is to require the seller to repurchase the asset at a price no greater than the price at which it was sold plus any accrued but unpaid rental payments and servicing payments, as the case may be and (iii) the seller of the asset is entitled to require the asset to be resold to it upon the repayment of the financing raised; or
- (b) such Asset Sale as approved by Extraordinary Resolution; and

**"Person"** includes any individual, company, unincorporated association, government, state agency, international organisation or other entity.

In these Conditions:

- (a) **"Accounting Principles"** means IFRS (or, in the case of the Joint Accounts, IFRS in relation to the consolidated accounts of EQUATE and TKOC used to compile such Joint Accounts);
- (b) **"Financial Year"** means the annual accounting period of the EQUATE Group and TKOC ending on 31 December in each year;
- (c) **"IFRS"** means International Financial Reporting Standards issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);
- (d) **"Joint Accounts"** means:
  - (i) prior to the occurrence of a Permitted Reorganisation, the audited combined financial statements of the Group (which shall be prepared in accordance with the Accounting Principles and audited by any reputable international firm of qualified accountants with appropriate expertise and experience to perform the role of auditor for either of EQUATE and TKOC, using EQUATE's and TKOC's respective audited consolidated (in the case of TKOC only, to the extent it has any Subsidiaries) financial data for the relevant period) for that Financial Year; and
  - (ii) following the occurrence of a Permitted Reorganisation, if available, the audited consolidated financial statements of EQUATE that consolidate the financial statements of TKOC (which shall be prepared in accordance with the Accounting Principles and audited by any reputable international firm of qualified accountants

with appropriate expertise and experience to perform the role of auditor for EQUATE) for that Financial Year;

- (e) **"Material Subsidiary"** means, at any time, any Subsidiary of either EQUATE or TKOC (but for the avoidance of doubt, does not include MEGlobal International FZE):
- (i) whose gross assets are more than 10 per cent. of the consolidated total assets of EQUATE and TKOC; or
  - (ii) whose gross revenues are more than 10 per cent. of the consolidated total revenues of EQUATE and TKOC.

For the purposes of this definition, the assets and revenue of the relevant Subsidiary will be determined by reference to the most recent Joint Accounts. If there is a dispute as to whether or not a Subsidiary is a Material Subsidiary, a certificate of the auditors of the relevant company will be, in the absence of manifest error, conclusive;

- (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 either EQUATE or TKOC 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 either EQUATE or TKOC in respect of any default by any person under the financing;
- (g) **"Permitted Security Interest"** means:
- (i) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Certificateholders;
  - (ii) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Certificates;
  - (iii) any Security Interest arising by operation of law;
  - (iv) any Security Interest securing Relevant Indebtedness or Sukuk Obligations of a person existing at the time that such person is merged into, or consolidated with, or acquired by either EQUATE or TKOC, **provided that** such Security Interest was not created in contemplation of such merger, consolidation or acquisition;
  - (v) any Security Interest existing on any property or assets prior to the acquisition thereof by either EQUATE or TKOC and not created in contemplation of such acquisition;
  - (vi) any Security Interest granted to secure a Non-recourse Project Financing or to secure any indebtedness incurred in connection with a Securitisation;
  - (vii) any Security Interest created by, or outstanding in respect of, either EQUATE or TKOC, **provided that** the amount of any Relevant Indebtedness or Sukuk Obligations secured by such Security Interest (when aggregated with the amount (if any) of Relevant Indebtedness or Sukuk Obligations secured by other Security Interests created by, or outstanding in respect of, either EQUATE or TKOC (but ignoring for these purposes any Relevant Indebtedness or Sukuk Obligations secured by any Security Interest under subparagraphs (i) to (v) above (inclusive) and subparagraph (viii) below)) does not exceed 10 per cent. of the consolidated total assets of the EQUATE and TKOC (as determined by reference to the most recent Joint Accounts); and



- (viii) any renewal of or substitution for any Security Interest permitted by any of subparagraphs (i) to (vii) above (inclusive) so long as the Relevant Indebtedness or Sukuk Obligations secured by such Security Interest is for an amount not materially greater than the principal (and any capitalised interest and fees, if applicable) of such Relevant Indebtedness or Sukuk Obligation and the Security Interest does not extend to any additional property or assets (other than the proceeds of such assets);
- (h) **"Relevant Indebtedness"** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (including trust certificates) which for the time being are, or are intended to be, or are capable of being quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (i) **"Securitisation"** means any securitisation of existing or future assets and/or revenues, **provided that:**
  - (i) any Security Interest given by either EQUATE or TKOC in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation;
  - (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the sole source of repayment for the money advanced or payment of any other liability; and
  - (iii) there is no other recourse to either EQUATE or TKOC in respect of any default by any person under the securitisation;
- (j) **"Subsidiary"** means any entity:
  - (i) which is then directly or indirectly controlled by either EQUATE or TKOC; or
  - (ii) more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by either EQUATE or TKOC; or
  - (iii) whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of either EQUATE or TKOC (as the case may be); and
- (k) **"Sukuk Obligation"** means any present or future undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind, in respect of which the relevant trust certificates or other securities for the time being are, or are intended to be, or are capable of being quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

For an entity to be "**controlled**" by either EQUATE or TKOC means that either EQUATE or TKOC (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that entity or otherwise controls, or has the power to control, the affairs and policies of that entity.

## 7. Periodic Distribution Amounts

### 7.1 Fixed Rate Certificates Provisions

- (a) *Application:* This Condition 7.1 is applicable to the Certificates only if the Fixed Rate Certificates Provisions are specified in the applicable Pricing Supplement as being applicable.

- (b) *Periodic Distribution Dates:* Each Fixed Rate Certificate bears profit on its outstanding face amount from and including the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be a Fixed Amount, a Broken Amount or an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).

## 7.2 ***Floating Rate Certificate Provisions***

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

Determination Date in an amount that is representative for a single transaction in that market at that time; and

- (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency selected by the Calculation Agent at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

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

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

Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates;

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

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

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

- (v) the Trustee (failing which, EQUATE) shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Delegate, the Agents and, in accordance with Condition 18 (*Notices*), the

Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any);

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

For the purposes of this Condition 7.2(g):

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

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with EQUATE) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or
- (C) (if the Independent Adviser (following consultation with EQUATE) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with EQUATE) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or
- (D) (if the Independent Adviser (following consultation with EQUATE) determines that there is no such industry standard) the Independent Adviser (following consultation with EQUATE) 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 EQUATE) determines, in accordance with this Condition 7.2(g), is customarily applied in international debt capital markets transactions for the purposes of determining interest or profit rates (or the relevant component part thereof) in the same Specified Currency as the Certificates or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means:

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

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

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

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

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

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

- 7.3 **Calculation of Periodic Distribution Amount:** The Periodic Distribution Amount payable per Calculation Amount will be calculated by the Calculation Agent by applying the Profit Rate for such Return Accumulation Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of an Individual Certificate is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and in the case of euro, means one cent.
- 7.4 **Determination and Publication of Profit Rates, Periodic Distribution Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on or after each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Periodic Distribution Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Periodic Distribution Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, EQUATE, TKOC, each of the Paying Agents, the Certificateholders, any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information and, if the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than: (i) the commencement of the relevant Return Accumulation Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Periodic Distribution Amount; or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7.6 (*Business Day Convention*), the Periodic Distribution Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Return Accumulation Period. If the Certificates become due and payable under Condition 12 (*Dissolution Events*), the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Periodic Distribution Amount so calculated need be made unless the Delegate otherwise requires. All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent will (in the absence of wilful default, gross negligence, wilful misconduct, actual fraud or manifest error) be binding on the Trustee, the Obligors, the Delegate, the Agents and all Certificateholders and (in the absence of wilful default, gross negligence, wilful misconduct, actual fraud or manifest error) no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 7.
- 7.5 **Cessation of Entitlement to Profit:** Profit shall cease to accumulate in respect of each Certificate on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused and no sale agreement has been executed pursuant to the Sale Undertaking or the Purchase Undertaking (as the case may be) relating to redemption of the relevant Certificates in full, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.
- 7.6 **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Pricing Supplement is:

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

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

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



Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

8.1 ***Dissolution on the Scheduled Dissolution Date***: Unless previously redeemed, purchased and cancelled, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount on the Scheduled Dissolution Date specified in the applicable Pricing Supplement and following the payment of all such amounts in full and the execution of a sale agreement pursuant to the Purchase Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.2 ***Early Dissolution for Taxation Reasons***: The Certificates shall be redeemed by the Trustee in whole, but not in part, on any Periodic Distribution Date (if the Certificates are Floating Rate Certificates) or at any time (if the Certificates are Fixed Rate Certificates) (such dissolution date being an "**Early Tax Dissolution Date**"), on giving not less than 30 nor more than 60 days' notice to the Certificateholders (which notice shall be irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:

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

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

- (A) unless a duly completed Exercise Notice has been received by the Trustee from EQUATE pursuant to the Sale Undertaking; and
- (B) where the Certificates may be redeemed at any time, earlier than 90 days prior to the earliest date on which the Trustee or EQUATE, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of EQUATE) then due; or
- (C) where the Certificates may be redeemed only on a Periodic Distribution Date, earlier than 60 days prior to the earliest date on which the Trustee or EQUATE, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of EQUATE) then due.

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

- (1) a certificate signed by two directors of the Trustee (in the case of Condition 8.2(a)) or EQUATE (in the case of Condition 8.2(b)) stating that the Trustee is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of

the Trustee so to redeem (as set out in Condition 8.2(a) and Condition 8.2(b), as the case may be) have occurred; and

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

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

Upon expiry of any such notice given in accordance with this Condition 8.2, payment in full of the Dissolution Distribution Amount to Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

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

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8.3. If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8.3, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

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

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

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

the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

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

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

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

If Change of Control Put Right is specified as being applicable in the applicable Pricing Supplement and a Change of Control Event occurs, and **provided that** Certificateholders elect to redeem their Certificates, in whole or in part, during the Change of Control Put Period in accordance with this Condition 8.5, the Trustee shall redeem such Certificates on the Change of Control Put Date at their Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to EQUATE a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Change of Control Put Date in accordance with this Condition 8.5, upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

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

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

- 8.6 ***Dissolution following a Total Loss Event***: EQUATE has agreed to notify the Trustee and the Delegate forthwith upon the occurrence of a Total Loss Event and to provide a description of the

Total Loss Event. The Trustee, upon receipt of such notice from EQUATE or otherwise upon having actual knowledge or express notice of the occurrence of a Total Loss Event, shall redeem all of the Certificates by no later than the close of business in London on the 31<sup>st</sup> day after the occurrence of the Total Loss Event (a "**Total Loss Event Dissolution Date**"). Any such redemption of Certificates shall be at their Dissolution Distribution Amount using either: (i) the proceeds of insurance payable in respect of the Total Loss Event which are required to be paid into the Transaction Account by no later than the 30<sup>th</sup> day after the occurrence of the Total Loss Event; or (ii) if the insurance proceeds (if any) standing to the credit of the Transaction Account on the 30<sup>th</sup> day following the occurrence of a Total Loss Event are less than Takaful/Insurance Coverage Amount, the amount standing to the credit of the Transaction Account on the 31<sup>st</sup> day following the occurrence of a Total Loss Event, representing the aggregate of the insurance proceeds paid in respect of any Total Loss Event (if any) and the Total Loss Shortfall Amount funded by the Service Agent in accordance with the terms of the Service Agency Agreement and, in each case, the outstanding amounts payable under the Master Murabaha Agreement. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

- 8.7 ***Dissolution following a Dissolution Event:*** Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date as more particularly described in Condition 12 (*Dissolution Events*).
- 8.8 ***Purchases:*** Each of EQUATE and TKOC, and each of EQUATE's and TKOC's subsidiaries may at any time purchase Certificates in the open market or otherwise and at any price and such Certificates may be held, resold or, at the option of EQUATE or TKOC (as applicable), surrendered to the Registrar for cancellation.
- 8.9 ***Cancellation:*** Subject to and in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and/or DTC, all Certificates which are redeemed will forthwith be cancelled. All Certificates purchased and surrendered for cancellation by or on behalf of EQUATE, TKOC or any of EQUATE's or TKOC's subsidiaries shall be cancelled by surrendering the Global Certificate or Individual Certificates representing such Certificates to the Registrar and by EQUATE or TKOC (as applicable) delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8.9, and upon execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof. All Certificates cancelled pursuant to this Condition 8.9 shall be forwarded to the Registrar and cannot be reissued or resold.
- 8.10 ***No other Dissolution:*** The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12 (*Dissolution Events*). Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (*Dissolution Events*) (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.
9. **Payments**
- 9.1 ***Method of Payment:*** Payments of any Dissolution Distribution Amount will only be made against surrender of the relevant Certificates at the specified office of any of the Paying Agents. Each Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the Holder shown on the Register at the close of business on the relevant Record Date upon application by the Holder of such Certificates to the Specified Office of the Registrar, the other Transfer Agents or any Paying Agent before the Record Date, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

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

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

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

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

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

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

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

## 10. **Taxation**

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

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

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

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

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

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

Further, each of EQUATE and TKOC has undertaken in the Master Trust Deed to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of this Condition 10.

#### 11. **Prescription**

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

## 12. **Dissolution Events**

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

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

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

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

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

## 13. **Realisation of Trust Assets**

### 13.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against (as applicable) the Trustee, EQUATE and/or TKOC under any Transaction Document to which either of the Trustee, EQUATE and/or TKOC is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the relevant Series of Certificates and, in either case, only if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, thereby render itself liable or which it may, in its opinion, incur by so doing.

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

#### 14. **Replacement of Certificates**

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

#### 15. **Agents**

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

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

- (a) the Trustee shall at all times maintain a principal agent, a registrar and a transfer agent;
- (b) if a Calculation Agent is specified in the applicable Pricing Supplement, the Trustee shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Certificates are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Trustee



shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

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

16. **Meetings of Certificateholders, Modification and Waiver**

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

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

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

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates outstanding shall for all purposes

be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

- 16.2 **Modification:** The Delegate may (but shall not be obliged to), without the consent of the Certificateholders: (a) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, (i) of a formal, minor or technical nature or (ii) is made to correct a manifest error or (iii) is not materially prejudicial to the interests of the outstanding Certificateholders **provided that** such modification is, in the case of (iii), other than in respect of a Reserved Matter; or (b): (i) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Transaction Documents; or (ii) determine that any Dissolution Event shall not be treated as such, **provided that** such waiver, authorisation or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series. Any such modification, authorisation, determination or waiver shall be binding on all Certificateholders and, unless the Delegate agrees otherwise, such modification, waiver, authorisation or determination shall be notified by the Trustee (or EQUATE on its behalf) to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable.

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

- 16.3 **Entitlement of the Delegate:** In connection with the exercise of its powers, authorities and discretions (including but not limited to those referred to in this Condition 16.3) the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, EQUATE, TKOC or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

## 17. Delegate

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

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

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

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

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

19. **Rounding**

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

20. **Further Issues**

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

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

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

22. **Governing Law and Dispute Resolution**

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

22.2 **Arbitration:** Any dispute, claim, difference or controversy arising out of, relating to or having any connection with the relevant Trust Deed, the Agency Agreement and the Certificates (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 22.2. For these purposes:

- (a) the seat of arbitration shall be London, England;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. In the event that one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. In the event that the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and
- (c) the language of the arbitration shall be English.

22.3 **Waiver of immunity:** In respect of their respective obligations in respect of the Certificates, the Trustee and each of EQUATE and TKOC hereby irrevocably and unconditionally waives any right to claim immunity (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before

judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any legal or arbitral proceedings ("**Proceedings**"). The relevant Transaction Documents include waivers of immunity by the Trustee and each of EQUATE and TKOC (as the case may be) on substantially similar terms.

22.4 ***Waiver of interest:***

- (a) If any Proceedings are brought by or on behalf of any party under any of the Transaction Documents, each party agrees it will:
  - (i) not claim interest under, or in connection with, such Proceedings; and
  - (ii) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court as a result of such Proceedings.
- (b) For the avoidance of doubt, nothing in this Condition 22.4 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Dissolution Distribution Amounts, Exercise Price, Takaful/Insurance Coverage Amount, Total Loss Shortfall Amount, Rental, Murabaha Profit, Deferred Sale Price or profit or principal of any kind howsoever described payable by either Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any arbitrator or court.

## USE OF PROCEEDS

The proceeds of each Series of Certificates issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to acquire:

- (a) the relevant Lease Assets from EQUATE; and
- (b) Commodities to be sold to EQUATE,

in each case as specified in the applicable Pricing Supplement and in the Master Purchase Agreement, the relevant Supplemental Purchase Agreement and the Murabaha Contract for the relevant Series, such assets to form part of the Trust Assets for the relevant Series.

The proceeds of each Series of Certificates subsequently received by EQUATE in consideration for the transactions entered into with the Trustee as set out above, as applicable, which include the proceeds received by EQUATE from (A) the sale of the Lease Assets and (B) the on-sale of the murabaha Commodities by EQUATE, will be applied by EQUATE for its general corporate purposes (including, among other things, the refinancing of a portion of its Facility Agreement (as defined in the "*Management's Discussion and Analysis of the Financial Condition and Results of Operation*") or as otherwise described in the applicable Pricing Supplement.

## CAPITALISATION

The following table sets forth the consolidated capitalisation and certain other balance sheet information of the Group as at 31 December 2019 based on certain figures derived from the 2019 Combined Financial Statements. This table should be read in conjunction with "*Presentation of Financial and Other Information*", "*Use of Proceeds*", "*Selected Financial and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements generally, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

	<b>As at 31 December 2019</b>
	<i>(U.S.\$ million)</i>
<b>Debt:</b>	
Loans and borrowings .....	4,607
<b>Total debt</b> .....	<b>4,607</b>
<b>Equity:</b>	
Share capital.....	1,080
Treasury shares .....	(450)
Statutory reserve .....	540
Remeasurement of retirement benefit obligations	(32)
Foreign currency translation reserve .....	20
Retained earnings.....	638
<b>Total equity</b> .....	<b>1,796</b>
<b>Total capitalisation</b> .....	<b>6,403</b>

Apart from the above, there has been no material change in the capitalisation of the Group since 31 December 2019.

## SELECTED FINANCIAL AND OTHER INFORMATION

Set forth below is selected financial information for the Group for the periods indicated. The financial statements for the Group as at and for each of the years ended 31 December 2019, 2018 and 2017 prepared in accordance with IFRS has been extracted without material adjustment from the Combined Financial Statements. The Group has adopted certain new accounting standards during the period which were not applied retroactively which may affect comparability, see " *Management's Discussion and Analysis of Financial Condition and Results of Operations*" This should be read in conjunction with " *Presentation of Financial and Other Information*", " *Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements, which are incorporated by reference in this Base Listing Particulars (see " *Information Incorporated by Reference*").

### ***Combined Profit or Loss Financial Information of the Group***

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
Sales.....	3,346	4,821	4,252
Cost of sales.....	(2,498)	(2,897)	(2,797)
<b>Gross profit</b> .....	<b>848</b>	<b>1,924</b>	<b>1,455</b>
Management fee.....	6	5	4
Reservation right fees.....	15	15	15
General, administrative and selling expenses.....	(85)	(105)	(101)
Other income / (expense).....	3	(3)	8
Foreign exchange gain / (loss).....	3	(3)	(3)
<b>Profit from operations</b> .....	<b>790</b>	<b>1,833</b>	<b>1,378</b>
Finance income.....	16	39	27
Finance costs.....	(187)	(189)	(188)
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), Zakat, tax on subsidiaries and Board of Directors' remuneration</b> .....	<b>619</b>	<b>1,683</b>	<b>1,217</b>
Contribution to KFAS.....	(6)	(16)	(11)
Contribution to Zakat.....	(4)	(8)	(7)
Tax on subsidiaries.....	29	(99)	(68)
Board of Directors' remuneration.....	(0)	(0)	(0)
<b>Net profit for the year</b> .....	<b>638</b>	<b>1,560</b>	<b>1,131</b>

### ***Combined Financial Position Financial Information of the Group***

	<b>As at 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
<b>Assets</b>			
Property, plant and equipment.....	3,131	2,906	2,564
Goodwill.....	1,689	1,689	1,689
Intangible assets.....	372	396	434
Right-of-use assets.....	585	-	-
Deferred tax assets.....	61	45	48
Deferred charges and other assets.....	936	583	591
<b>Non-current assets</b> .....	<b>6,774</b>	<b>5,619</b>	<b>5,326</b>
Inventories.....	181	230	261
Due from related parties.....	38	64	89
Trade and other receivables.....	516	664	776
Deferred charges and other assets.....	37	13	25
Cash and bank balances.....	802	2,239	2,107
<b>Current assets</b> .....	<b>1,574</b>	<b>3,210</b>	<b>3,258</b>
<b>Total assets</b> .....	<b>8,348</b>	<b>8,829</b>	<b>8,584</b>
<b>Equity</b>			
Share capital.....	1,080	1,080	1,080
Treasury shares.....	(450)	(450)	(450)
Statutory reserve.....	540	540	540
Retained earnings.....	638	1,560	1,131
Remeasurement of retirement benefit obligation.....	(32)	(39)	(59)



Foreign currency translation reserve .....	20	14	45
<b>Total equity</b> .....	<b>1,796</b>	<b>2,705</b>	<b>2,287</b>
<b>Liabilities</b>			
Loans and borrowings .....	4,607	4,591	4,715
Deferred income .....	150	170	177
Lease liability .....	522	-	-
Deferred tax liabilities .....	183	214	230
Retirement benefit obligation .....	421	406	416
Long term incentives .....	3	3	4
<b>Non-current liabilities</b> .....	<b>5,886</b>	<b>5,384</b>	<b>5,542</b>
Long term incentives .....	4	5	5
Lease liability .....	65	-	-
Deferred income .....	15	15	15
Due to related parties .....	117	142	124
Trade and other payables .....	465	578	611
<b>Current liabilities</b> .....	<b>666</b>	<b>740</b>	<b>755</b>
<b>Total liabilities</b> .....	<b>6,552</b>	<b>6,124</b>	<b>6,297</b>
<b>Total equity and liabilities</b> .....	<b>8,348</b>	<b>8,829</b>	<b>8,584</b>

### Combined Cash Flow Financial Information of the Group

	For the year ended 31 December		
	2019	2018	2017
	<i>U.S.\$ million</i>		
<b>Cash flows from operating activities</b>			
Net profit for the year .....	638	1,560	1,131
<i>Adjustments for:</i>			
Depreciation .....	269	249	286
Amortisation of intangible and deferred assets .....	80	54	81
Reservation right fees .....	(15)	(15)	(15)
Deferred income tax .....	(46)	(13)	(37)
Finance costs .....	187	189	188
Finance income .....	(16)	(39)	(27)
Provision for doubtful receivables .....	-	8	-
Provision for retirement benefit obligation .....	47	47	105
Provision for slow moving inventories .....	-	(1)	-
Foreign exchange loss on retirement benefit .....	(4)	(2)	4
Provision for long term incentives .....	2	6	5
	<b>1,142</b>	<b>2,043</b>	<b>1,721</b>
<i>Changes in:</i>			
Inventories .....	49	31	(24)
Due from related parties .....	26	25	(10)
Trade and other receivables .....	148	104	(66)
Deferred charges and other assets .....	9	4	19
Due to related parties .....	(24)	18	(47)
Trade and other payables .....	(97)	(51)	251
Retirement benefit obligation paid .....	(21)	(35)	(10)
Long term incentives paid .....	(3)	(7)	(6)
<b>Net cash from operating activities</b> .....	<b>1,229</b>	<b>2,132</b>	<b>1,828</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment .....	(456)	(622)	(361)
Payment of USGC Ethylene reservation fees .....	(410)	-	(315)
Payment for intangibles .....	(19)	-	-
Investment in staff saving scheme .....	(1)	(6)	(4)
Maturity of short term deposits .....	964	99	394
Finance income received .....	32	46	42
<b>Net cash used in investing activities</b> .....	<b>110</b>	<b>(483)</b>	<b>(244)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term loan .....	-	(100)	(500)
Proceeds from issuance of Sukuk .....	-	-	500
Loan origination fees paid .....	-	(11)	(5)
Finance costs paid .....	(204)	(182)	(211)
Payment of lease liabilities .....	(49)	-	-
Dividends paid .....	(1,560)	(1,131)	(679)
<b>Net cash used in financing activities</b> .....	<b>(1,813)</b>	<b>(1,424)</b>	<b>(895)</b>

Net increase/(decrease) in cash and cash equivalents .....	(474)	225	689
Cash and cash equivalents at beginning of the year.....	<u>1,224</u>	<u>999</u>	<u>310</u>
<b>Cash and cash equivalents at end of the year .....</b>	<b><u>750</u></b>	<b><u>1,224</u></b>	<b><u>999</u></b>

### Certain Non-IFRS Financial Measures

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Adjusted EBITDA <sup>(1)</sup> (U.S.\$ million).....	1,124	2,121	1,730
Adjusted EBITDA margin <sup>(2)</sup> (%).....	<u>33.6</u>	<u>44.0</u>	<u>40.7</u>

- (1) Adjusted EBITDA is defined as net profit for the year excluding the impact of interest, tax, contribution to KFAS, contribution to Zakat and board remuneration, depreciation, amortisation and reservation right fees which represents the fees received from the Olefins II project entities for usage of and costs associated with usage of the Group's plant. The following table sets forth a reconciliation of adjusted EBITDA from net profit for the year indicated.

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
<b>Net profit for the year</b> .....	<b>638</b>	<b>1,560</b>	<b>1,131</b>
Tax on subsidiaries.....	(29)	99	68
Contribution to Zakat .....	4	8	7
Contribution to KFAS.....	6	16	11
Finance costs.....	187	189	188
Finance income .....	(16)	(39)	(27)
Depreciation.....	269	249	286
Amortisation of intangible and deferred assets .....	80	54	81
Reservation right fees.....	(15)	(15)	(15)
<b>Adjusted EBITDA</b> .....	<b><u>1,124</u></b>	<b><u>2,121</u></b>	<b><u>1,730</u></b>

- (2) Adjusted EBITDA margin is defined as adjusted EBITDA divided by sales (expressed as a percentage).

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

*The following discussion should be read in conjunction with the Combined Financial Statements, the EQUATE Financial Statements and the TKOC Financial Statements (together, the "Financial Statements"), which are incorporated by reference in this Base Listing Particulars (see "Information Incorporated by Reference"), and which have been prepared in accordance with IFRS. See further "Presentation of Financial and Other Information". The following discussion contains forward-looking statements that reflect the Group's plans, estimates and beliefs. The Group's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Base Listing Particulars, particularly in "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements". Unless indicated otherwise, the financial information set out below and referred to in this section has been extracted without material adjustment from the Financial Statements, or has been extracted without material adjustment from accounting records that formed the underlying basis of the financial information included in the Financial Statements.*

### Overview of Section

As discussed in greater detail below, although the Group currently operates as a combined entity for operational purposes, the Group comprises two separate entities under common ownership for legal and financial reporting purposes:

- the EQUATE Group, which consists of EQUATE and its subsidiaries, which include the MEGlobal B.V. Group and MEGlobal Canada; and
- TKOC.

Although EQUATE and TKOC are separate legal entities, they have the same shareholders and have historically operated under common management and control, with TKOC being substantially managed by EQUATE through an OMSA. Accordingly, for operational purposes, the EQUATE Group and TKOC operate as a combined group. However, the EQUATE Group and TKOC are not a consolidated group for the purposes of financial reporting and therefore the Group as a whole does not have consolidated financial statements.

Since the EQUATE Group and TKOC operate as a combined group, the Group has prepared the Combined Financial Statements, which are incorporated by reference in this Base Listing Particulars, in order to illustrate the financial performance and condition of the Group as a whole.

In order to align the financial reporting of the Group with its manner of operation, a merger of the EQUATE Group and TKOC (with EQUATE as the surviving entity) is under consideration by the shareholders of EQUATE and TKOC. Although there is no assurance if or when such a merger will be implemented, EQUATE and TKOC do not anticipate any changes in their manner of operating as a combined group.

### Overview of the Group

The Group is the largest producer of petrochemical products in Kuwait and one of the leading producers of petrochemical products in the Middle East by sales and production volume, according to market reports (including the IHS Markit data in respect of global sales and production volumes cited elsewhere in this Base Listing Particulars). The Group produces, distributes and markets ethylene glycol, polyethylene and their co-products globally, including to Asia, North and South America, the Middle East, Turkey, India, Pakistan and Europe, and produces, distributes and markets polyethylene terephthalate in Europe. As at and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "Presentation of Financial and Other Information – Historical and Current Market and Industry Data").

The Group's business has vertically integrated chemical facilities and production technologies. The Group operates six manufacturing sites in four countries. As at 31 December 2019, the Group's production capacity was approximately 4,485KTA of which 46 per cent. was in Kuwait, 30 per cent. was in Canada, 7 per cent. was in Germany and 17 per cent. was in the United States.

The Group principally operates through three business lines: Ethylene Glycol, Polyethylene and Polyethylene Terephthalate. The Group's Ethylene Glycol and Polyethylene business lines use ethane-based ethylene as feedstock. The Group's production facilities in Kuwait source ethane-rich gas from PIC. The Group benefits from low-cost, high-quality feedstock through long-term supply agreements with its principal shareholders, Dow and PIC, and based on its internal research and market reports, the Group believes that its feedstock costs are highly competitive.

Moreover, the Group has a global ethylene glycol distribution platform with regional business centres around the world that support the sales and marketing function of its Ethylene Glycol business line, including in Hong Kong, Shanghai, Dubai, Horgen and Houston. The Group's feedstock contracts, integrated facilities and distribution operations position it as a low-cost producer that is able to capture attractive margins across the value chain, with the benefit of certainty of feedstock supply and access to a global distribution platform.

### **Certain Accounting Considerations**

The Group consists of the EQUATE Group and TKOC, the combined results of which comprise the Group's total business operations, financial performance and condition. See also "*Business – The Group's Corporate Structure*".

#### ***Non-consolidation of the EQUATE Group and TKOC***

While the EQUATE Group and TKOC have the same shareholders and have historically operated under common management and control, the financial statements of the two entities have not been consolidated. However, in order to illustrate the financial performance and condition of the Group as a whole, the Group has prepared the Combined Financial Statements by following consolidation principles, which set forth the combined financial statements of the EQUATE Group and TKOC for the years ended 31 December 2019, 2018 and 2017, which are incorporated by reference in this Base Listing Particulars.

The EQUATE Group and TKOC participate in on-going intragroup business and financial transactions with each other, such as the receipt of revenue or the payment of expenses between entities. While intragroup transactions and balances have been eliminated for the purposes of preparing the Combined Financial Statements, they are included in the financial information presented in the other standalone financial statements.

To facilitate the analysis and understanding of the business and financial relationships that exist among the companies comprising the Group, set forth below is a description of the significant intragroup business and financial transactions which would be eliminated upon combination of the EQUATE Group and TKOC:

- the EQUATE Group purchases ethylene from TKOC from time to time. The sales (in the case of TKOC) and cost of sales (in the case of the EQUATE Group) in respect of such intragroup ethylene sale would be eliminated upon combination;
- the EQUATE Group and TKOC have intercompany loans with each other under which, on a net basis, the EQUATE Group is the lender. The finance cost or, as the case may be, finance income with respect to such intercompany loans would be eliminated upon combination; and
- The production facilities of the EQUATE Group and TKOC in Kuwait are integrated. Pursuant to the OMSAs (as defined in "*Related Party Transactions*"), the EQUATE Group operates and manages TKOC's production facilities and provides maintenance and other services to TKOC in return for a fixed management fee. Pursuant to the MUSAs (as defined in "*Related Party Transactions*"), the EQUATE Group receives from TKOC a reservation right fee that equals the total capital construction costs incurred by the EQUATE Group on the new utilities and infrastructure facilities under the "Olefins II" project (see "*Related Party Transactions*"). Such income (in the case of the EQUATE Group) or expense (in the case of TKOC) (i.e., the portion of management fees and reservation right fees paid to the EQUATE Group by TKOC), would be eliminated upon combination.

See also "*Related Party Transactions*" for a further description of these intragroup transactions.

#### ***Adoption of new accounting standards***

The combined financial information of the Group has been affected by recent accounting changes. For the year ended 31 December 2019, the Group applied IFRS 16 using the modified retrospective approach and hence the comparative information presented for 2018 and 2017 is not restated. Additionally, the disclosure requirements in IFRS 16 have not been applied to comparative information.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, "Determining whether an Arrangement Contains a Lease". The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Group has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The impact on the combined statement of profit or loss and other comprehensive income due to adoption of IFRS 16 was a U.S.\$ 3.0 million decrease in profit from operations.

For the year ended 31 December 2018, the Group adopted IFRS 9 and IFRS 15 for the preparation of its 2018 Combined Financial Statements. IFRS 9 brings together all three aspects of the accounting for financial instruments project. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, but the Group has not restated comparative information for 2017 as permitted by the transitional provisions of the standard. Therefore, the information present for 2017 does not reflect the requirements of IFRS 9 and may affect the comparability of the 2018 financial information to the 2017 financial information. To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For the year ended 31 December 2018, the Group also adopted IFRS 15, which establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. These changes to IFRS 15 did not have a material impact on the accounting policies, financial position or performance of the Group.

See note 2 (*Basis of preparation*) to the 2019 Combined Financial Statements and note 2 (*Basis of preparation*) to the 2018 Combined Financial Statements.

### **Factors Affecting Operating Results**

The Group's results of operations are driven by a combination of factors affecting the petrochemical and chemical intermediate markets generally, including general economic conditions, prices of raw materials, global supply and demand for the Group's products and environmental legislation. The Group's results of operations are also impacted by company-specific structural and operational factors. Set forth below is an overview of the key drivers that have affected the Group's historical results of operations, and are expected to affect the Group's future results of operations.

#### ***Oil and gas price movements***

In general, oil and gas price movements can affect the results of the Group's operations and, in particular, the Group's margins, in a number of ways. The price of Brent crude is historically correlated to a certain extent with the sale price of the Group's ethylene glycol products.

The prices of polyethylene and ethylene glycol tend to be correlated with crude oil prices in the long-term; as Brent crude prices decrease, so do the prices of the Group's products, and *vice versa*. However, 2019 has witnessed significant declines in the price for ethylene and its major derivatives, including polyethylene and ethylene glycol, relative to crude which has remained relatively stable in 2019, as a result of the supply demand dynamics in the ethylene glycol market where supply increases have outpaced increases in demand. Crude oil prices remain an important determinant of global ethylene and derivatives production costs, given

that major global ethylene production, mostly in Asia, the Indian Subcontinent and Europe, is based on naphtha feedstock. The price of crude oil has fluctuated significantly in the past five years. According to OPEC's website, the year-end figure for a barrel of crude oil as measured in accordance with OPEC's reference basket (which represents a weighted average of oil prices collected from various oil producing countries) rose from U.S.\$40.76 in 2016 to U.S.\$64.04 in 2019. The price of the OPEC Reference Basket as at 31 December 2019 was U.S.\$67.96 per barrel.

Since the beginning of 2019, the petrochemical industry has experienced a declining price environment primarily as a result of normal commodity price cycles, production capacity exceeding demand which resulted in downward pressure on the Group's product prices and the U.S./China trade war. For example, the average prices of polyethylene and ethylene glycol sold by the Group, decreased by 20 per cent. and 36 per cent., respectively, in the period between 31 December 2018 and 31 December 2019. As a result, there has been a general decrease in revenue, net profit and adjusted EBITDA margins across the Group's component entities in 2019. In addition, movements in the price of oil and gas also have a corresponding impact on the cost of the Group's ethane-based feedstock, particularly in the Group's Canadian ethylene glycol production facilities, the terms of whose feedstock supply arrangements are slightly less insulated from oil and gas market price variations than those of the Group's operations in Kuwait, which are only partially affected over time by movements in the price of gas due to the pricing structure of the Group's long-term supply contracts. While the Group's feedstock costs have, in recent periods, generally decreased in tandem with lower oil and gas prices, they have not decreased at the same rate as the average prices of the Group's products. Accordingly, the above variations have resulted in a general decrease in revenue, net profit and adjusted EBITDA margins across the Group's component entities in recent periods, driven primarily by the relatively greater impact of lower oil and gas prices on the Group's sales than on the Group's cost of sales. See also "*Selected Financial and Other Information*" and "*Risk Factors – Risks Relating to the Group's Industry and Business – Volatility in the price of oil and natural gas may adversely impact the Group's business, results of operations or financial condition*".

#### ***Supply and demand cycle in the petrochemical industry***

Margins in the petrochemical industry are strongly influenced by industry capacity utilisation rates. As demand for petrochemical products approaches available supply, industry capacity utilisation rates rise, and prices and margins typically increase. Historically, this relationship has been highly cyclical due to fluctuations in supply resulting from the timing of new investments in capacity and general economic conditions affecting the relative strength or weakness of demand. Generally, capacity is more likely to be added in periods when current or expected future demand is strong and margins are, or are expected to be, high. Investments in new capacity can result, and in the past frequently have resulted, in overcapacity, which typically leads to a decrease in industry capacity utilisation rates and a reduction of margins. In response, petrochemical producers typically reduce capacity or limit further capacity additions, eventually causing the market to be relatively undersupplied and leading to a rise in industry capacity utilisation and margin expansion. The Group completed construction of an ethylene glycol plant in the U.S. Gulf Coast in late 2019 while other producers in the petrochemical industry have also increased their production capacity over the last few years, which resulted in a significant amount of additional production capacity coming on-stream. Further, other producers in the petrochemical industry, such as Lotte, Sasol, Petronas, Heng Li, Zhejiang Petrochemicals and Formosa, have announced projects to increase the capacity of their ethylene glycol production facilities which are expected to complete over the next few years. This additional capacity is expected to impact the supply/demand balance within the ethylene glycol market, which could cause the average price of ethylene glycol to fall resulting in pressure on higher cost producers, such as non-integrated, dimethyl oxalate (DMO) and naphtha-based MEG producers. See also "*Risk Factors – Risks Relating to the Group's Industry and Business – The cyclical nature of the petrochemical industry may reduce the Group's net sales revenue and gross margin*" and "*Business – Ethylene Glycol business line – Facilities*".

#### ***Global economic condition***

The Group's results of operation are affected by the overall economic conditions in the Asia, India, MENA and North America (particularly since the completion of the U.S. Gulf Coast project; see further "*Business – Ethylene Glycol business line – Facilities*") regions. An extended recession in any of these locations or globally, or public perceptions that result in declining economic conditions, could substantially decrease the demand for the Group's products. For the year ended 31 December 2019, 37 per cent. of the Group's revenues were from China. Accordingly, an economic recession or a prolonged slowdown in growth in China in particular would affect the Group's results of operations as a result of downward pricing pressure

for the Group's products. Moreover, the ongoing coronavirus outbreak originating and emanating from China has resulted in the implementation of travel restrictions, quarantines and extended shutdowns of certain businesses in the region. These restrictive measures, if prolonged, could slow national economic development and reduce demand for the Group's products. The duration, impact and severity of the outbreak cannot be predicted and may be significant, particularly in the short term.

### ***Production volumes***

The Group's results of operations are materially influenced by its production capacity and the degree to which the Group utilises its assets in order to achieve maximum production volumes. In October 2019, the Group announced the opening of its newest ethylene glycol plant in the U.S. Gulf Coast which has a capacity of 750KTA. The Group believes that this new plant in the U.S. Gulf Coast will benefit from competitively priced ethylene supply from Dow's new ethane cracker and adds 750KTA of gross production capacity to the Group's ethylene glycol portfolio. It produces monoethylene and diethylene glycol. Since the plant was only opened in October 2019, the plant had only a marginal impact on the Group's results of operation in 2019. Accordingly, the impact of the plant opening will be seen in 2020, which will reflect the full year impact of the U.S. Gulf Coast plant. Similarly, the Group expects a reduction in capital expenditures in 2020 compared to 2019 as a result of completing construction of the U.S. Gulf Coast plant in 2019 (which was completed ahead of schedule and under budget).

As a low-cost producer, the Group seeks to operate its facilities at full capacity. The Group believes this allows it to maintain positive margins and cash flows, allowing it to withstand industry downturns more readily than other producers who have higher production costs. The Group's strategy is to achieve growth in production volume by improving utilisation rates within the defined availability of an asset, improving availability of an asset by minimising planned and unplanned facility downtime and improving the capacity of assets through de-bottlenecking projects such as the de-bottlenecking of EQUATE's ethylene facility in 2014 and polyethylene facility in 2016. The Group approved and paid for its share to participate in the expansion in 2020 of Dow's ethane cracker to increase the Group's share of ethylene feedstock. This is expected to enable the Group's ethylene glycol production at MEGlobal Fort Saskatchewan in Canada to increase by an estimated 140KTA a year in 2021. As a result, the full year effect of the U.S. Gulf Coast plant production capacity increase will be offset by the decrease in production as part of the turnaround project to increase production at MEGlobal Fort Saskatchewan in Canada. Although, beginning in 2021, the Group expects to benefit from the full year production capacity of the U.S Gulf Coast plant and the full year increased production capacity MEGlobal Fort Saskatchewan in Canada.

Additionally, the number and length of "turnarounds" (scheduled outages of a unit in order to perform necessary inspections and testing to comply with industry regulations and to permit the Group to carry out any maintenance activities that may be necessary) carried out in any given period can impact operating results. Ethane crackers typically undergo major turnarounds every eight years, which last between two to four weeks, and ethylene glycol manufacturing plants undergo turnarounds every two to three years, which last between one to two weeks. The Group typically coordinates and schedules the turnarounds of its plants to match the scheduled turnarounds of its feedstock suppliers to minimise the disruption to its operations. The Group undertook a major turnaround of the TKOC cracker and the ethylene glycol production lines in the fourth quarter of 2017. The Group has planned a change catalyst in 2021 for a duration of twelve days. Unplanned outages can also impact the Group's operating results, even if such outages are covered by insurance. Similarly, planned or unplanned outages of the Group's competitors can positively affect the Group's operating results by decreasing the supply of product in the market.

### **Presentation of the Group's Results of Operations on a Combined Basis for the Years ended 31 December 2019, 2018 and 2017**

The financial information of the Group set forth in the Combined Financial Statements and discussed in this sub-section represents the combined financial statements of the Group for the years ended 31 December 2019, 2018 and 2017. See further "*Presentation of Financial Information*".

The following table sets forth the combined statement of profit or loss of the Group for the years ended 31 December 2019, 2018 and 2017:

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
Sales .....	3,346	4,821	4,252
Cost of sales .....	(2,498)	(2,897)	(2,797)
<b>Gross profit</b> .....	<b>848</b>	<b>1,924</b>	<b>1,455</b>
Management fee .....	6	5	4
Reservation right fees .....	15	15	15
General, administrative and selling expenses .....	(85)	(105)	(101)
Other income/(expense) .....	3	(3)	8
Foreign exchange gain / (loss).....	3	(3)	(3)
<b>Profit from operations</b> .....	<b>790</b>	<b>1,833</b>	<b>1,378</b>
Finance income .....	16	39	27
Finance costs .....	(187)	(189)	(188)
<b>Profit before contribution to KFAS, Zakat, tax on subsidiaries and Board of Directors' remuneration</b> .....	<b>619</b>	<b>1,683</b>	<b>1,217</b>
Contribution to KFAS .....	(6)	(16)	(11)
Contribution to Zakat .....	(4)	(8)	(7)
Tax on subsidiaries.....	29	(99)	(68)
Board of Directors' remuneration .....	(0)	(0)	(0)
<b>Net profit for the year</b> .....	<b>638</b>	<b>1,560</b>	<b>1,131</b>

The following table sets forth the Group's combined Adjusted EBITDA by product for the periods indicated:

	<b>EG</b>	<b>PE</b>	<b>PET</b>	<b>Others</b>	<b>Total</b>
	<i>U.S.\$ million</i>				
<b>31 December 2019</b> .....	751	301	20	52	1,124
<b>31 December 2018</b> .....	1,547	492	33	49	2,121
<b>31 December 2017</b> .....	1,308	368	18	36	1,730

### **Comparison of the years ended 31 December 2019, 2018 and 2017**

#### *Sales*

The Group derives sales from the production and sale of polyethylene, ethylene glycol, polyethylene terephthalate and their co-products and sales generated from the OMSAs and MUSAs. See further "Related Party Transactions".

The following table sets forth the revenue attributed to the Group's most significant products for the year ended 31 December 2019 as compared to the year ended 31 December 2018 and 31 December 2017. In presenting the geographical information, the segment revenue has been based on geographic location of customers.

<b>Revenue by product/services and geography</b>	<b>EG</b>	<b>PE</b>	<b>PET</b>	<b>Others</b>	<b>Total</b>
	<i>U.S.\$ million</i>				
<b>31 December 2019</b>					
Americas .....	337	-	-	-	337
North Asia.....	894	338	-	-	1,232
India sub-continental.....	347	36	-	-	383
Europe.....	297	83	354	-	734
Rest of the World <sup>(1)</sup> .....	150	279	-	231	660
<b>External revenue</b> .....	<b>2,025</b>	<b>736</b>	<b>354</b>	<b>231</b>	<b>3,346</b>
<b>31 December 2018</b>					
Americas .....	659	-	-	-	659
North Asia.....	1,545	407	-	-	1,952
India sub-continental.....	468	62	-	-	530
Europe.....	342	104	439	-	885
Rest of the World <sup>(1)</sup> .....	216	348	-	231	795



<u>Revenue by product/services and geography</u>	<u>EG</u>	<u>PE</u>	<u>PET</u>	<u>Others</u>	<u>Total</u>
	<i>U.S.\$ million</i>				
<b>External revenue</b> .....	<b>3,230</b>	<b>921</b>	<b>439</b>	<b>231</b>	<b>4,821</b>
<b>31 December 2017</b>					
Americas .....	577	-	-	-	577
North Asia.....	1,134	374	-	-	1,508
India sub-continental .....	493	62	-	-	555
Europe.....	374	89	354	-	817
Rest of the World <sup>(1)</sup> .....	235	330	-	230	795
<b>External revenue</b> .....	<b>2,813</b>	<b>855</b>	<b>354</b>	<b>230</b>	<b>4,252</b>

<sup>(1)</sup> Rest of the World includes revenue from sale of products in Kuwait of U.S.\$60 million (2018: U.S.\$79 million, 2017: U.S.\$66 million)

The following table sets forth the percent change in sales volumes and average prices of the Group's most significant products for the years ended 31 December 2019 and 2018 as compared to the years ended 31 December 2018 and 2017, respectively:

	<u>For the year ended 31 December</u>			
	<u>2019</u>		<u>2018</u>	
	<u>Sales volumes</u> <u>(change vs 2018)</u>	<u>Average price</u> <u>(change vs 2018)</u>	<u>Sales volumes</u> <u>(change vs 2017)</u>	<u>Average price</u> <u>(change vs 2017)</u>
	<i>(per cent.)</i>			
<b>Product</b>				
Polyethylene.....	1	(20)	2	6
Ethylene Glycol.....	(2)	(36)	6	5
Polyethylene Terephthalate .....	(7)	(14)	5	18

The Group's sales for the year ended 31 December 2019 were U.S.\$3,346 million, a decrease of U.S.\$1,475 million, or 30.6 per cent., compared to U.S.\$4,821 million in the year ended 31 December 2018. This was principally as a result of the average selling prices of polyethylene and ethylene glycol sold by the Group, decreasing by 20 per cent. and 36 per cent., respectively, in the period between 31 December 2018 and 31 December 2019. This decrease in average selling price was due to macroeconomic factors such as normal commodity price cycles, production capacity exceeding demand and the U.S./China trade war. The decrease in the Group's sales was partially offset by a slight increase in ethylene glycol sale volumes as a result of the U.S. Gulf Coast plant becoming operational in October 2019.

The Group's sales for the year ended 31 December 2018 were U.S.\$4,821 million, an increase of U.S.\$569 million, or 13.4 per cent., compared to U.S.\$4,252 million in the year ended 31 December 2017. This was principally as a result of an increase in the average selling price and the volume sold of the Group's products. This increase was due to favourable macroeconomic factors.

#### *Cost of sales*

The principal components of the Group's cost of sales are its raw material costs, freight and distribution expenses, staff costs, the depreciation and amortisation of its plants and industrial equipment. Depreciation of plants and industrial equipment is computed using the straight-line method because the Group believes this method best reflects the estimated useful lives of these assets. In 2019, the Group conducted an operational efficiency review for its production plants, which resulted in changes in the expected usage of the production plants. Management had originally estimated a useful life of 20 years for these plants. However, the plants are now estimated to remain in production for 25 years from the date of purchase. As a result, the expected useful life of these plants has increased, which has resulted in a decreased depreciation expense in 2019 and going forward.

The table below sets out the Group's cost of sales for the periods indicated:

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
Materials .....	1,496	1,573	1,365
Distribution expenses .....	272	277	194
Staff cost .....	216	273	216
Depreciation and amortisation.....	346	300	364
Others.....	168	474	658
<b>Cost of Sales.....</b>	<b>2,498</b>	<b>2,897</b>	<b>2,797</b>

The Group cost of sales for the year ended 31 December 2019 were U.S.\$2,498 million, a decrease of U.S.\$399 million, or 13.8 per cent., compared to U.S.\$2,897 million in the year ended 31 December 2018. The decrease was primarily due to a decrease in the cost of the materials due to market dynamics.

The Group's cost of sales for the year ended 31 December 2018 were U.S.\$2,897 million, an increase of U.S.\$100 million, or 3.6 per cent., as compared to U.S.\$2,797 million in the year ended 31 December 2017. The increase was primarily due to an increase in materials as a result of higher production volumes in 2018 compared to 2017.

#### *Gross profit*

The Group's gross profit for the year ended 31 December 2019 was U.S.\$848 million, a decrease of U.S.\$1,076 million, or 55.9 per cent., compared to U.S.\$1,924 million in the year ended 31 December 2018. This was principally as a result of the decrease in sales set forth above.

The Group's gross profit for the year ended 31 December 2018 were U.S.\$1,924 million, an increase of U.S.\$469 million, or 32.2 per cent., compared to U.S.\$1,455 million in the year ended 31 December 2017. This was principally as a result of the increase in sales set forth above.

#### *Management fee*

The principal components of the Group's management fee are the fees received from (i) PIC in relation to the operation of its polypropylene plant, (ii) TKSC in relation to the operation of its styrene plant and (iii) KPPC in relation to the operation of its aromatics plant. In each case, the management fee primarily represents a fixed management fee plus a margin calculated on total cost recovery.

The Group's management fee for the year ended 31 December 2019 was U.S.\$6 million, an increase of U.S.\$1 million, or 20.0 per cent., compared to U.S.\$5 million in the year ended 31 December 2018. This was principally as a result of an increase in the management fee from TKSC in relation to the operation of its styrene plant from U.S.\$1 million in 2018 to U.S.\$2 million in 2019.

The Group's management fee for the year ended 31 December 2018 was U.S.\$5 million, an increase of U.S.\$1 million, or 25.0 per cent., compared to U.S.\$4 million in the year ended 31 December 2017. This was principally as a result of the Group starting to manage the polypropylene plant for PIC in 2018.

#### *Reservation right fees*

The Group owns certain common facilities of the "Olefins II" complex including utilities and infrastructure. See further "*Business – The Group's History*". Each of TKOC, KPPC and TKSC has paid the Group up-front for the usage of such common facilities to the extent of construction cost incurred by the Group based on agreed proportional use of such common facilities. Such prepayment is presented as deferred income and is amortised over the useful life of the plant, which is 20 years, resulting in the recognition of reservation rights fee income.

The Group's reservation right fees for the years ended 31 December 2019, 2018 and 2017 were U.S.\$15 million.

### *General, administrative and selling expenses*

The principal components of the Group's general, administrative and selling expenses are staff costs, depreciation and selling expenses. It also includes the depreciation of assets related to the general, administrative and selling function of the Group, such as office equipment, computer hardware and software, which is computed using the straight-line method because the Group believes this method best reflects the estimated useful lives of such assets. The table below sets out a breakdown of the costs of sales for the periods indicated.

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
Staff costs.....	38	38	41
Depreciation.....	3	3	3
Selling expenses.....	41	46	47
Others.....	3	18	10
<b>General, administrative and selling expenses.....</b>	<b>85</b>	<b>105</b>	<b>101</b>

The Group's general, administrative and selling expenses for the year ended 31 December 2019 were U.S.\$85 million, a decrease of U.S.\$20 million, or 19.0 per cent., compared to U.S.\$105 million in the year ended 31 December 2018. The decrease was primarily due to decrease in others which was primarily a result of completion of integration costs in 2018 from the acquisition.

The Group's general, administrative and selling expenses for the year ended 31 December 2018 were U.S.\$105 million, an increase of U.S.\$4 million, or 4.0 per cent., as compared to U.S.\$101 million in the year ended 31 December 2017. The increase was primarily due to the increase in others which consists of integration project costs from the acquisition.

### *Other income/(expense)*

The principal components of the Group's other income/(expense) are derived from sale of polyethylene scrap and where relevant, income earned from non-core activities.

The Group recorded U.S.\$3 million in other income for the year ended 31 December 2019 compared to U.S.\$3 million in other expense for the year ended 31 December 2018. The change was primarily due to an additional one-off other expense in 2018.

The Group recorded U.S.\$3 million in other expense for the year ended 31 December 2018, as compared to U.S.\$8 million in other income for the year ended 31 December 2017. The change was primarily due to an additional one-off other expense in 2018.

### *Foreign exchange gain/(loss)*

The principal components of the Group's foreign exchange gain/(loss) result from transaction and translation effects of foreign currency exchange rate fluctuations.

The Group recorded a U.S.\$3 million gain on foreign exchange gain/(loss) for the year ended 31 December 2019 compared to a U.S.\$3 million loss for the year ended 31 December 2018. The change was primarily due to ordinary course foreign exchange transactions and translations.

The Group recorded a U.S.\$3 million loss on foreign exchange gain/(loss) for both of the years ended 31 December 2018 and 31 December 2017.

### *Profit from operations*

As a result of the factors described above, the Group's profit from operations for the year ended 31 December 2019 were U.S.\$790 million, a decrease of U.S.\$1,043 million, or 57.0 per cent., compared to U.S.\$1,833 million in the year ended 31 December 2018. This was principally as a result of the decrease in sales as described above.

The Group's profit from operations for the year ended 31 December 2018 were U.S.\$1,833 million, an increase of U.S.\$455 million, or 33.0 per cent., compared to U.S.\$1,378 million in the year ended 31 December 2017. This was principally as a result of the reasons set forth above.

#### *Finance income*

The principal components of the Group's finance income are interest income earned from cash and cash equivalents.

The Group's finance income for the year ended 31 December 2019 was U.S.\$16 million, a decrease of U.S.\$23 million, or 59.0 per cent., compared to U.S.\$39 million in the year ended 31 December 2018. This was principally as a result of a decrease in interest rates and lower cash and cash equivalents in 2019 compared to 2018.

The Group's finance income for the year ended 31 December 2018 was U.S.\$39 million, an increase of U.S.\$12 million, or 44.4 per cent., compared to U.S.\$27 million in the year ended 31 December 2017. This was principally as a result of an increase in cash and cash equivalents in 2018 compared to 2017.

#### *Finance costs*

The principal components of the Group's finance costs are interest costs on bank facilities and project finance facilities.

The Group's finance costs for the year ended 31 December 2019 were U.S.\$187 million, a decrease of U.S.\$2 million, or 1.1 per cent., compared to U.S.\$189 million for the year ended 31 December 2018. The decrease was primarily due to lower loans and borrowing outstanding in 2019 than 2018 as the result of the repayment of U.S.\$100 million of the Group's Facility Agreement as part of an amendment and extension in December 2018.

The Group's finance costs for the year ended 31 December 2018 were U.S.\$189 million, an increase of U.S.\$1 million, or 0.5 per cent., as compared to U.S.\$188 million in the year ended 31 December 2017. The increase was primarily due to an increase in interest rates partially offset by a slight decrease in the amount of loans and borrowings in 2018 compared to 2017.

#### *Profit before contribution to KFAS, Zakat, tax on subsidiaries and board of directors' remuneration*

As a result of the factors described above, the Group's profit before contribution to KFAS, Zakat, tax on subsidiaries and board of directors' remuneration for the year ended 31 December 2019 were U.S.\$619 million, a decrease of U.S.\$1,064 million, or 63.2 per cent., compared to U.S.\$1,683 million in the year ended 31 December 2018. This was principally as a result of the reasons set forth above.

The Group's profit before contribution to KFAS, Zakat, tax on subsidiaries and board of directors' remuneration for the year ended 31 December 2018 were U.S.\$1,683 million, an increase of U.S.\$466 million, or 38.3 per cent., compared to U.S.\$1,217 million in the year ended 31 December 2017. This was principally as a result of the reasons set forth above.

#### *Contribution to KFAS*

Under Kuwaiti law, the Group is required to contribute to the KFAS one per cent. of the Group's profit before statutory contributions, tax on subsidiaries (if applicable) and board of directors' remuneration (after deducting any amounts required to be set aside and transferred to the statutory reserve account as required by Kuwaiti law) (converted monthly into the Kuwaiti dinar on the basis of the average monthly rate). Under Kuwaiti law, the Group was required to transfer to the statutory reserve account, annually, 10 per cent. of its profit before statutory contributions, tax on subsidiaries (if applicable) and board of directors' remuneration until an amount equalling 50 per cent. of the Group's share capital stood to the credit of the statutory reserve account. This threshold was achieved in 2008, and, thereafter, the Group has not set aside or transferred any amounts to the statutory reserve account.

The Group's contribution to KFAS for the year ended 31 December 2019 was U.S.\$6 million, a decrease of U.S.\$10 million, or 62.5 per cent., compared to a contribution of U.S.\$16 million for the year ended 31 December 2018. The decrease was due to a decrease in profit before contribution to KFAS, Zakat, tax on subsidiaries and board of directors' remuneration as a result of the reasons set forth above.

The Group's contribution to KFAS for the year ended 31 December 2018 was U.S.\$16 million, an increase of U.S.\$5 million, or 45.5 per cent., as compared to U.S.\$11 million in the year ended 31 December 2017. The increase was primarily due to an increase in profit before contribution to KFAS, Zakat, tax on subsidiaries and board of directors' remuneration as a result of the reasons set forth above.

#### *Contribution to Zakat*

Under Kuwaiti law, the Group is required to contribute to Zakat one per cent. of the net profit for the year (converted monthly into the Kuwaiti dinar on the basis of the average monthly rate) attributable to Kuwaiti shareholders of the Group after allowable deductions. As Zakat is calculated during the year based on projected net profit for the year, these charges are adjusted after the dividend distribution has been agreed with the shareholders and net profit for the year has been finalised.

The Group's contribution to Zakat for the year ended 31 December 2019 was U.S.\$4 million, a decrease of U.S.\$4 million, or 50 per cent., compared to U.S.\$8 million in the year ended 31 December 2018. The decrease was primarily due to the decrease in net profit.

The Group's contribution to Zakat for the year ended 31 December 2018 was U.S.\$8 million, an increase of U.S.\$1 million, or 14.3 per cent., as compared to U.S.\$7 million in the year ended 31 December 2017. The increase was primarily due to the increase in net profit.

#### *Tax on subsidiaries*

Tax on subsidiaries is imposed based on the relevant jurisdictional requirements for companies in the Group. Companies in the United Arab Emirates are not subject to corporate tax.

The Group recorded a U.S.\$29 million tax benefit for the year ended 31 December 2019 compared to U.S.\$99 million tax expense for the year ended 31 December 2018. The change was primarily due to the optimisation of the Group's transfer price modelling. The change in tax on subsidiaries was primarily due to the decrease in the taxable profit driven by a 36 per cent. and 20 per cent. decline in commodity average prices for ethylene glycol and polyethylene, respectively.

The Group's tax on subsidiaries for the year ended 31 December 2018 was U.S.\$99 million, an increase of U.S.\$31 million, or 45.6 per cent., as compared to U.S.\$68 million in the year ended 31 December 2017. The increase was primarily due to an increase in profit at the Group's foreign subsidiaries.

#### *Board of directors' remuneration*

Board of directors' remuneration is disclosed as nil on the face of the consolidated statement of profit or loss due to rounding off to millions. Board remuneration for EQUATE and TKOC is U.S.\$74,563 and U.S.\$79,000, respectively.

#### *Net profit for the year*

As a result of the factors described above, the Group's net profit for the year for the year ended 31 December 2019 was U.S.\$638 million, a decrease of U.S.\$922 million, or 59.1 per cent., compared to U.S.\$1,560 million in the year ended 31 December 2018.

The Group's net profit for the year for the year ended 31 December 2018 were U.S.\$1,560 million, an increase of U.S.\$429 million, or 37.9 per cent., compared to U.S.\$1,131 million in the year ended 31 December 2017. This was principally as a result of the reasons set forth above.

#### **Cash Flows**

The following table sets forth the Group's combined statement of cash flows for the years ended 31 December 2019, 2018 and 2017:

	<i>For the year ended 31 December</i>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>U.S.\$ million</i>		
Net cash from operating activities .....	1,229	2,132	1,828
Net cash generated from/(used in) investing activities .....	110	(483)	(244)
Net cash used in financing activities .....	(1,813)	(1,424)	(895)
Net (decrease)/increase in cash and cash equivalents .....	(474)	225	689
Cash and cash equivalents at beginning of the year .....	1,224	999	310
<b>Cash and cash equivalents at end of the year .....</b>	<b>750</b>	<b>1,224</b>	<b>999</b>

#### *Net cash from operating activities*

The Group's net cash from operating activities for the year ended 31 December 2019 was U.S.\$1,229 million, a decrease of U.S.\$903 million, or 42.4 per cent., compared to U.S.\$2,132 million in the year ended 31 December 2018. This was principally as a result of a decrease in net profit.

The Group's net cash from operating activities for the year ended 31 December 2018 were U.S.\$2,132 million, an increase of U.S.\$304 million, or 16.6 per cent., compared to U.S.\$1,828 million in the year ended 31 December 2017. This was principally as a result of an increase in net profit.

#### *Net cash generated from/(used in) investing activities*

The Group's net cash from investing activities for the year ended 31 December 2019 was U.S.\$110 million primarily due to the maturity of short term deposits, partially offset by the purchase of property, plant and equipment.

The Group's net cash used in investing activities for the year ended 31 December 2018 was U.S.\$483 million primarily due to the purchase of property, plant and equipment.

The Group's net cash used in investing activities for the year ended 31 December 2017 was U.S.\$244 million primarily due to the purchase of property, plant and equipment and the payment of ethylene reservation fees for U.S. Gulf Coast plant.

#### *Net cash used in financing activities*

The Group's net cash used in financing activities for the year ended 31 December 2019 was U.S.\$1,813 million primarily due to dividends paid.

The Group's net cash used in financing activities for the year ended 31 December 2018 was U.S.\$1,424 million primarily due to dividends paid and the partial repayment of the Facility Agreement.

The Group's net cash used in financing activities for the year ended 31 December 2017 was U.S.\$895 million primarily due to dividends paid.

### **Liquidity and Capital Resources of the Group**

The financial condition and liquidity of each of the EQUATE Group and TKOC is influenced by a variety of factors, including:

- its ongoing ability to generate cash from operations;
- the terms of its financing arrangements and its access to capital markets; and
- its working capital and capital expenditure requirements related to maintenance and expansions.

In each case, the cash requirements of each of the EQUATE Group and TKOC consist mainly of the following:

- working capital requirements;
- investments in the maintenance and improvement of its current operations; and
- the payment of dividends to the shareholders.

In each case, the sources of liquidity of each of the EQUATE Group and TKOC consist mainly of the following:

- cash generated provided by its operational activities;
- proceeds obtained from short- and long-term loans; and
- capital increases from the shareholders.

During the year ended 31 December 2019, each of the EQUATE Group and TKOC used cash flow generated from operations primarily for dividend payment and accumulation of cash and cash equivalent assets. As at 31 December 2019, the Group's combined cash and cash equivalents amounted to U.S.\$802 million, of which cash and cash equivalents attributable to the EQUATE Group amounted to U.S.\$798 million and cash and cash equivalents attributable to TKOC amounted to U.S.\$4 million. As at 31 December 2019, U.S.\$1,000 million remained available to drawdown under the Group's existing financing arrangements. The Group believes that it will continue to be able to obtain sufficient credit to finance its working capital needs based on current market conditions.

### **Indebtedness and Financing Strategy of the Group**

As at 31 December 2019, the Group had a U.S.\$1,900 million term loan facility and U.S.\$2,750 million in bonds and sukuk. As at 31 December 2019, all of the Group's outstanding indebtedness was denominated in U.S. dollar.

The Group's financing strategy has been to maintain sufficient funding liquidity and flexibility to support business requirement and operations through, among others, diversification of financing sources including conventional and Islamic bank facilities with onshore and international financial institutions.

As at the date of this Base Listing Particulars, all the Group's outstanding external indebtedness has been incurred by entities within the EQUATE Group. TKOC does not currently have any external third party indebtedness.

As at 31 December 2019, the Group was current with respect to the payment of principal and interest on its indebtedness and in compliance with the covenants related to such indebtedness. As at the date of this Base Listing Particulars, none of the Group's indebtedness is secured, although certain facilities are guaranteed on a joint and several basis by various Group companies, as described below.

The Group intends to use the proceeds of the issuance under this Programme to repay a portion of the Facility Agreement.

#### *Long term loan*

On 23 June 2016, the EQUATE Group entered into a U.S.\$5 billion long term loan agreement (the "**Facility Agreement**") with a consortium of banks. The Facility Agreement provided for a U.S.\$2 billion tranche A 5-year term loan facility, a U.S.\$2 billion tranche B three-year term loan facility, and a U.S.\$1 billion three-year revolving credit facility. The EQUATE Group is jointly and severally a guarantor along with TKOC for the Facility Agreement and the Facility Agreement includes customary covenants. On 23 June 2016 and on 30 November 2016, EQUATE Group drew down U.S.\$2 billion from Tranche A and U.S.\$500 million from Tranche B, respectively. The tranche A facility had an original maturity date of 23 June 2021. These funds were used for general corporate purposes which included U.S. Gulf Coast plant funding needs.

On 28 February 2017, the EQUATE Group early settled tranche B three-year bullet facility amounting to U.S.\$500 million. This facility had an original maturity date of 30 November 2019. Further undrawn availability under the Tranche B facility was cancelled in February 2017.

On 13 December 2018, the EQUATE Group amended the Facility Agreement to extend the tranche A term loan until 23 June 2023 and the revolving credit facility until 23 June 2022, and spread on both the term loan and the revolving credit facility was reduced. As part of this amendment and extension, the EQUATE Group repaid an amount of U.S.\$100 million, reducing the term loan outstanding balance to U.S.\$1.9 billion.

The effective interest rate as at 31 December 2019 for the Facility Agreement is 3.50 per cent. (2018: 3.81 per cent.).

At the date of this Base Listing Particulars, the Group had, U.S.\$1 billion of undrawn committed revolving credit facility available for utilisation.

#### *Medium term notes*

In 2016, the Group established a U.S.\$4 billion Global Medium Term Note Programme (the "**Existing GMTN Programme**") with EQUATE Petrochemical B.V. as the issuer. Under the Existing GMTN Programme, the payment of amounts due in respect of the Notes is unconditionally and irrevocably guaranteed, jointly and severally, and not severally, by EQUATE and TKOC. On 3 November 2016, EQUATE Petrochemical B.V. issued U.S.\$1,000 million 3.0 per cent. notes maturing in 2022 and U.S.\$1,250 million 4.25 per cent. notes maturing in 2026 under the Existing GMTN Programme (together, the "**2016 Notes**"). The 2016 Notes are listed on Euronext Dublin and the proceeds from these notes were used to repay loan facilities existing at the time.

#### *Sukuk programme*

In December 2016, the Group established a U.S.\$2 billion trust certificate issuance programme (the "**Sukuk Programme**") with EQUATE Sukuk SPC Limited as the issuer and trustee, EQUATE as the obligor and TKOC as the guarantor of the payment and performance obligations of EQUATE under the transaction documents. On 21 February 2017, EQUATE Sukuk SPC Limited issued U.S.\$500 million trust certificates maturing in 2024, with a profit rate of 3.944 per cent. per annum payable on a semi-annual basis (the "**2016 Sukuk**"). The 2016 Sukuk is listed on Euronext Dublin.

### **Off-Balance Sheet Arrangements of the Group**

See "*Foreign Currency Exchange Risk*" for a list of off-balance sheet forward exchange contracts as at 31 December 2019 that each of EQUATE and TKOC enters into from time to time to manage its foreign currency exposure risks.

### **Contractual Commitments and Capital Expenditures of the Group**

#### *Contractual commitments*

The following table summarises the Group's significant external contractual obligations and commitments as at 31 December 2019:

	<b>Payments due by Period</b>		<b>Total</b>
	<b>Less than One Year</b>	<b>More than One Year</b>	
	<i>U.S.\$ million</i>		
Letters of credit and guarantee .....	1	-	1
Capital commitments.....	28	-	28
<b>Total</b> .....	<b>29</b>	<b>-</b>	<b>29</b>

In the ordinary course of business, the Group has entered into long-term supply arrangements for feedstock and raw materials, which are not reflected in the above table (see "*Related Party Transactions*"). In addition, the obligations of the Group under its short- and long-term indebtedness are not included in this table and are described under "*Indebtedness and Financing Strategy of the Group*". Finally, the table above does not include the Group's obligations under foreign exchange contracts, which are described below under "*Quantitative and Qualitative Disclosures about Market Risk Relating to the Group – Foreign Currency Exchange Risk*".

#### *Capital expenditures*

For the year ended 31 December 2019, the Group made capital expenditures of U.S.\$885 million. These primarily include purchase of property, plant and equipment of U.S.\$456 million, payment for ethylene supply agreement of U.S.\$410 million and payment for intangibles of U.S.\$19 million. The Group estimates that capital expenditures for the year ended 31 December 2020 will be approximately U.S.\$143 million, which will be used in connection with investments related to the above-mentioned projects.



### ***Quantitative and qualitative disclosures about market risk relating to the Group***

In the ordinary course of the Group's business, it is exposed to a variety of market risks arising from fluctuations in foreign currency exchange rates, interest rates and commodity prices.

It is the Group's policy to assess the potential and consolidated impact of market risks and to mitigate and assess risks in accordance with the risk management policies developed by its finance committee (see also "*Description of EQUATE – Board Committees*").

No member of the Group enters into financial instruments for trading or speculative purposes.

As at 31 December 2019, all of the Group's indebtedness bore interest at a floating rate. In the event that interest had increased by one per cent. the interest expenses of EQUATE and TKOC would have increased by U.S.\$1.9 million for the year ended 31 December 2019. The Group does not currently hedge its interest rate exposure but the management of the Group actively monitors interest rate risks.

#### ***Foreign currency exchange risk***

As at 31 December 2019, if the U.S. dollar had weakened/strengthened by 5 per cent. against the Euro, Canadian dollar and Kuwaiti Dinar with all other variables held constant, the Group's profit for the year would have been lower/higher by U.S.\$34 million (2018: U.S.\$18 million).

### **Critical Accounting Judgments and Key Sources of Estimation Uncertainty Relating to the Group.**

The preparation of the financial statements of the Group incorporated by reference in this Base Listing Particulars requires the EQUATE Group or TKOC, as the case may be, to apply certain accounting policies and make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Summaries of the Group's significant accounting policies are contained in note 2 (*Basis of Preparation*) and note 3 (*Significant accounting policies*) of the notes to the 2019 Combined Financial Statements.

#### ***Retirement benefit obligation***

The cost of providing retirement benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each statement of financial position date. Actuarial valuations are based on a number of assumptions and require significant judgments made by management. The management of the Group believes that the assumptions used in determining the retirement benefit obligation using actuarial valuation method are reasonable.

#### ***Deferred tax assets***

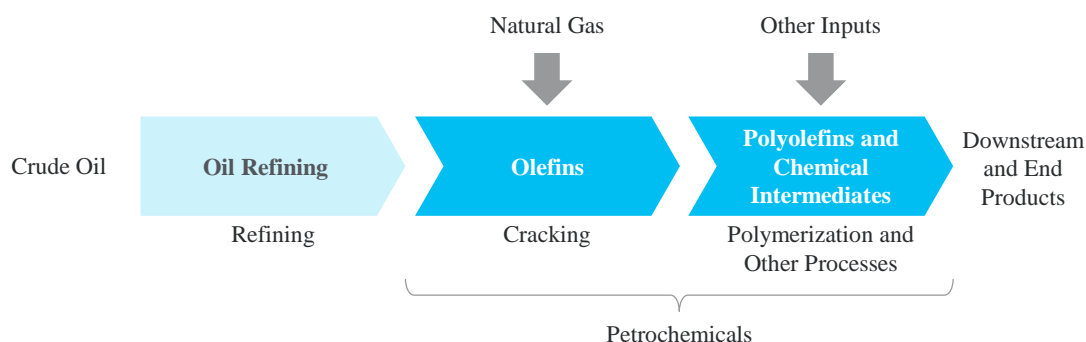
The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded on the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes reasonable judgments and estimates based on taxable profits and expectations of future income. As tax losses do not expire in Germany and Italy, utilisation of these tax losses require management to consider taxable profits well into the future. This significant long-term view increases the uncertainty of such projections. As a result of this and certain limits on annual tax loss usage, the Group limits its consideration of German and Italian tax losses to 10 years, which is considered a more foreseeable future, even though the ability to potentially utilise the tax losses extends beyond this period.

## INDUSTRY OVERVIEW

*The information and projections in this section have been derived from external sources including the IHS March 2018 Chemical Economics Handbook – Ethylene Glycols, IHS September 2019 World Analysis – Polyethylene and IHS January 2018 Chemical Economics Handbook – PET Polymer. The reports were prepared by independent consultants covering the chemical industry. The accuracy and completeness of the information contained herein is not guaranteed; rather, the information has been obtained from sources believed to be reliable, as stated in industry surveys and publications in general. Although the Group believes these industry publications, surveys and forecasts are reliable, the Group has not independently verified them and can neither guarantee their accuracy nor completeness.*

### Overview

In general, the petrochemicals market comprises products derived from crude oil and natural gas, including olefins, polyolefins and various petrochemical intermediate products directly or indirectly derived from olefins. Olefins are the basic building blocks used to create a range of petrochemical products.



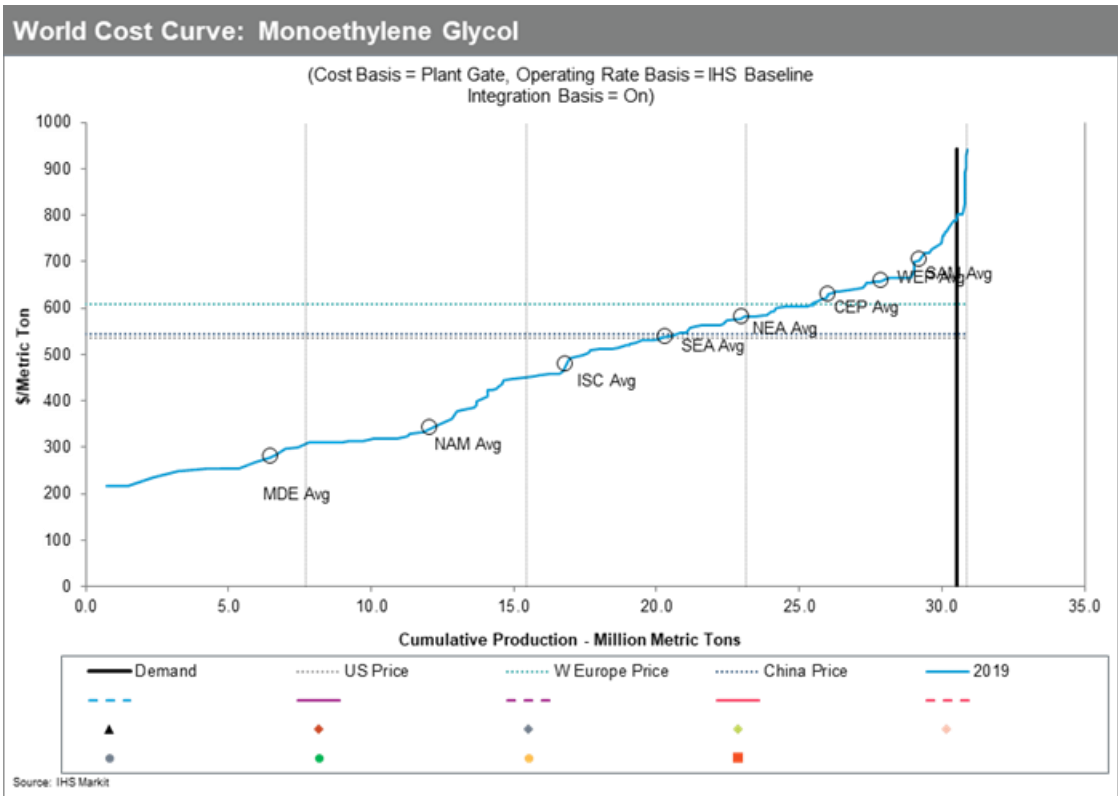
With end-uses ranging from plastics and packaging to construction and cosmetics, petrochemicals are broadly used across the spectrum of consumer and industrial applications. Petrochemicals and their derivatives continue to replace more traditional materials (metal, glass, ceramics, paper, wood etc.) in an expanding list of end-use applications. Growing demand from key applications, including consumer and retail goods, construction, food and industrial packaging, transportation, textile and healthcare, are major growth drivers for the global petrochemical market.

### Ethylene Glycol Market Overview

#### Description

Ethylene glycol ("EG"), which includes monoethylene glycol ("MEG"), diethylene glycol ("DEG"), triethylene glycol ("TEG") and tetraethylene glycol, is a colourless, low-volatility, low viscosity, hygroscopic liquid. Traditionally MEG, DEG and TEG have all been produced from ethylene oxide ("EO"). More recently, other production methods have gained some prominence, such as coal-to-MEG ("CTM") technologies, as well as technologies using renewable feedstock sources. However, the adoption rate for these new production methods remains low. Ethylene glycol and its derivatives play a significant role in the petrochemical industry as they can serve as versatile intermediates in a wide range of applications. Ethylene glycol is used in the manufacture of a range of products including polyester fibre, polyethylene terephthalate resins, automotive liquids and other chemical products. Accounting for 92 per cent. of ethylene glycol consumption, MEG is by far the largest-volume product of the overall market, mainly utilised in the production of polyester (polyethylene terephthalate or "PET"), while polyester melt accounts for 88 per cent. of global MEG consumption, followed by antifreeze formulations (7 per cent.) and other industrial applications (remaining 5 per cent.). In 2018, the production of PET therefore accounted for 81 per cent. of global EG consumption.

Nearly all conventional MEG producers also operate an ethylene oxide ("EO") facility for upstream integration. In addition, the most competitive ethylene oxide/glycol producers are back-integrated into ethylene production. As a result, the most competitive MEG producers (using the EO process) are those which have access to low cost ethylene feedstock, oftentimes derived from natural gas. The following graph shows the cost curve for MEG producers worldwide, illustrating low costs for producers in the Middle East and North America.



As is the case for all petrochemicals, the ethylene glycol market is cyclical, with the interplay of supply and demand driving the state of the industry.

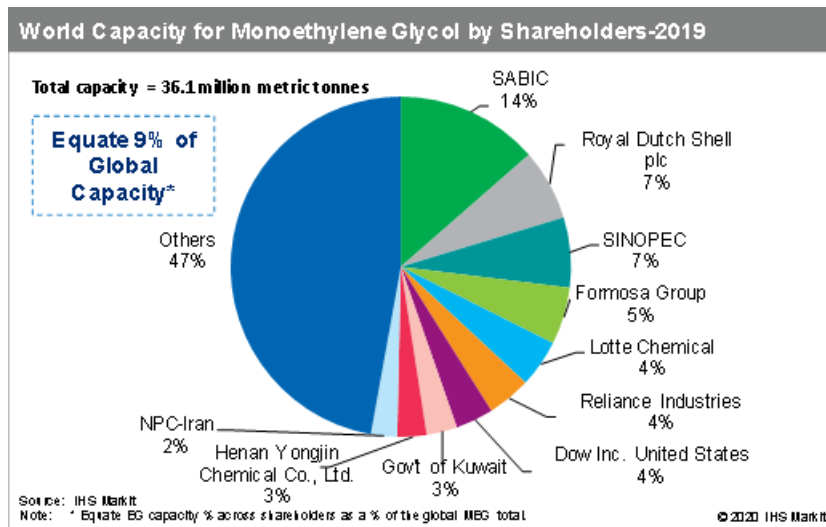
### ***Competitive landscape***

In 2019, world capacity for MEG reached 36.3 million metric tonnes per annum, having grown at an average yearly rate of 5.2 per cent. from 2014 to 2019.

Over the decade to 2019, new MEG capacities have arisen either in cost-advantaged regions like the Middle East and the U.S., or regions with fast growing demand (China and India). In contrast, higher cost regions in areas such as Europe and Japan have reduced capacity. In the Middle East, competitive prices for ethane have provided a significant cost advantage to manufacturers of ethylene and ethylene derivatives. In China, the increasing use of polyester fibres within the textile mix, as well as the development of the textile industry, have also accelerated the construction of MEG plants. As a result, IHS Markit estimates that the Middle East and Northeast Asia accounted for more than 86 per cent. of MEG capacity additions over the 15 years to 2019.

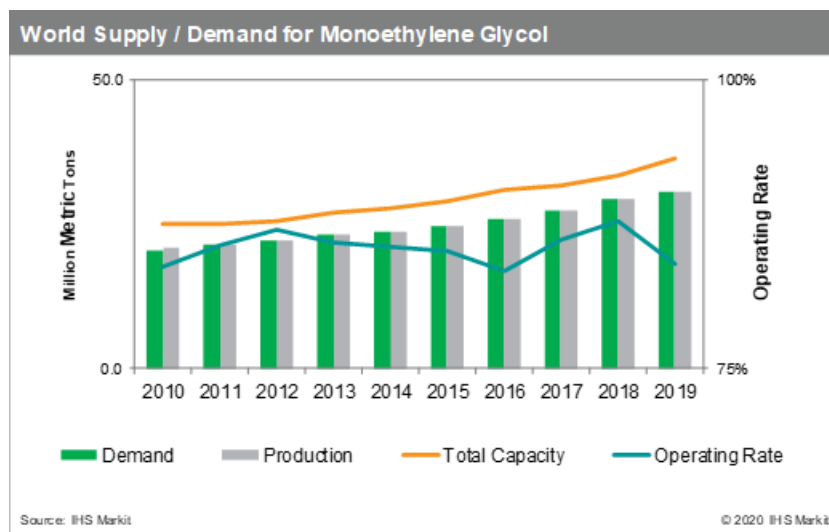
The development and expansion of the newer CTM production technology is a very important recent development for the MEG production landscape. Developed in China, the technology enabled the country to capitalise on its abundant coal reserves in order to produce chemicals. As of 2019, a total of 27 CTM units had been commissioned in the country. Even as IHS Markit expects more units to be commissioned by 2022, reliability and product quality are still uncertain, while operating rates are still estimated to be relatively low due to production constraints.

The chart below presents the top global producers of monoethylene glycol by shareholder (capacity for 2019):.



### Demand by end markets and regions

In general, consumption for EGs is tied to the overall economy. Consumption growth has been increasingly linked to emerging markets, driven by rising use of packaging, textile fibres and films as well as the growing number of vehicles and thereby use of antifreeze. Over the period from 2000 to 2018, EGs consumption grew at a rate of 5 to 6 per cent. per annum. Going forward, consumption is expected to increase at a more moderate rate, due to lower global economic growth (primarily driven by slowdown in China), as well as increasing PET recycling rates and maturing markets in developed regions. With IHS Markit expecting new capacity to increase faster than demand, the industry is facing a period of oversupply, set to drive down operating rates over the interval to 2023–24. The following graph sets forth the historical production / demand and operating rate figures for the global monoethylene glycol market from 2010 to 2019.

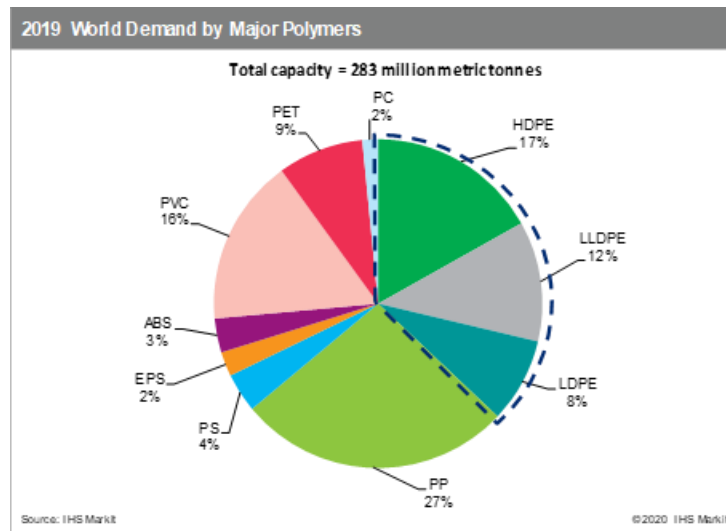


### Polyethylene Market Overview

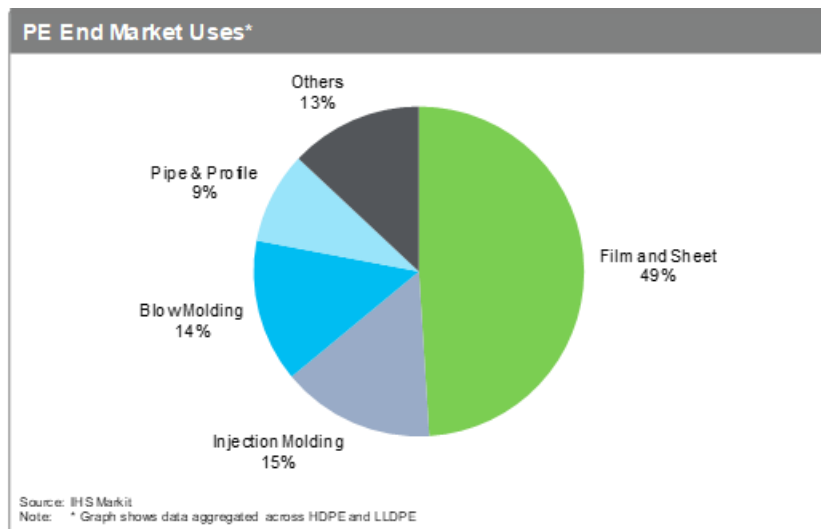
#### Description

Polyethylene ("PE"), which includes low density polyethylene ("LDPE"), high density polyethylene ("HDPE") and linear low density polyethylene ("LLDPE") grades, is the single largest category of thermoplastics in the world, accounting for 37 per cent. of the 283 million metric ton global thermoplastic market in 2019. It is relatively low cost, and lends itself well to being moulded, extruded and cast into various shapes.

The following graph presents global consumption of polyethylene by type, as a per cent. of total polymer demand:



PE is a versatile polymer which is used in a wide range of applications such as retail and consumer goods, household and food containers, industrial and chemical containers, toys, food and non-food packaging film and sheet, as well as industrial and agricultural applications. The graph below lays out the main end market uses for PE:

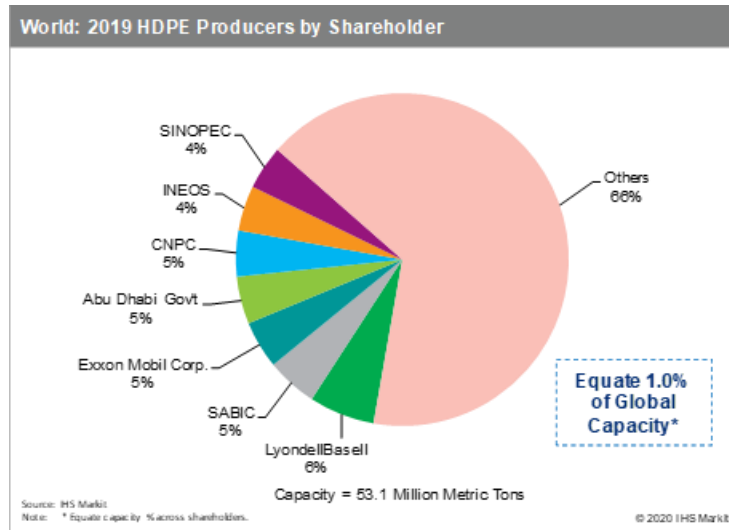


### Competitive landscape

According to IHS Markit's analysis, the global polyethylene industry is evolving in response to the increasing industrialisation of emerging markets, shifts in the global energy landscape, introduction and application of new, or in some cases older, technology and improvements in global communications. According to IHS Markit, approximately 25 million metric tonnes of PE capacity was added globally between 2012 and 2018. With this wave of new capacity, competition in the international market has intensified, placing more and more pressure on higher-cost producers. Investments are increasingly concentrated in feedstock cost-advantaged or high demand growth areas such as the Middle East, North America and the Asia Pacific regions. In particular, China is leading globally in terms of capacity growth, driven by increasing demand as well as a desire to limit imports. In North America, low cost feedstock from shale gas is revitalising the polyethylene industry, making exports highly competitive globally; IHS Markit envisages that this is set to lead to significant investments in the region in the second half of the decade. The Middle East continues to add capacity and extend its position as the world's largest net exporter of polyethylene, although the pace has slowed compared to the preceding years. IHS Markit expects competitive pressure to continue growing, due to the continued increases in global polyethylene capacity.

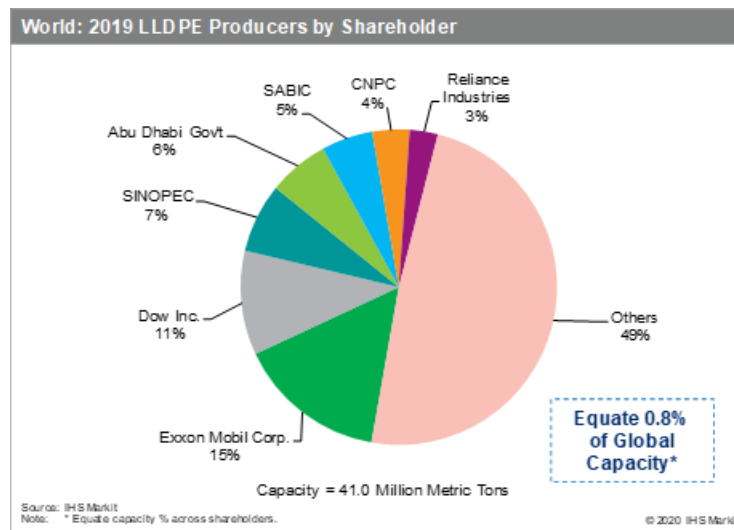
### High-density polyethylene

High-density polyethylene represents the largest portion of global polyethylene capacity. It is a highly crystalline polymer exhibiting a wax-like feel, flexibility, chemical inertness, good stress crack resistance and a relatively high softening temperature. The chart below presents the top producers of high-density polyethylene grouped by shareholder/capacity as of 2019.



### Linear-low density polyethylene

Linear-low density polyethylene has grown to represent the second largest portion of polyethylene capacity. Compared to LDPE, LLDPE exhibits improved stiffness, tensile and impact properties as well as better characteristics at low and high temperatures. The chart below presents the top producers of linear-low density polyethylene grouped by shareholder/capacity for 2019:



### Demand by end markets and regions

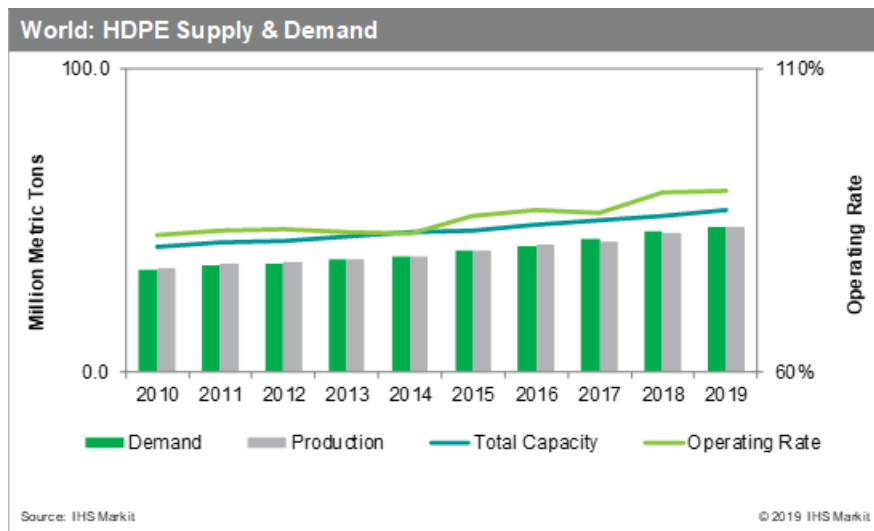
Film and sheets represents by far the largest end-market for PE, accounting for over 49 per cent. of global consumption. This includes multiple applications, ranging from food packaging, liners to refuse bags, stretch film, cast films and shrink films. Blow and injection moulding together account for approximately 29 per cent. of the global PE consumption. Within blow moulding, high-density polyethylene blow-moulded bottles used for milk, juice, motor oil, and laundry detergent are the single largest end-use. Pipes and profiles (predominantly used in the construction industry) make up the other major demand segment, accounting for 9 per cent. of global polyethylene consumption.

In general, PE demand is closely linked to overall economic conditions. Furthermore, plastics as a category and in particular polyethylene polymers continue to have opportunities to replace traditional materials in numerous applications. Geographically, consumption per capita varies widely between regions. According to IHS Markit's analysis, countries with large populations and rapidly expanding economies (such as China, India, Indonesia) continue to have a large potential to generate additional demand for polyethylene (and other plastics).

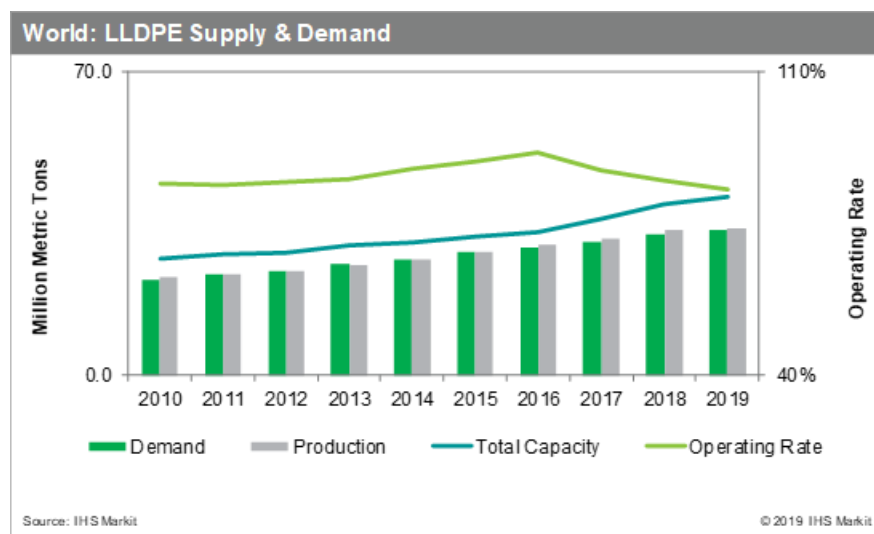
IHS Markit projects that PE will continue to be used and even gain market share in applications and solutions where it can deliver a cost advantage and/or performance enhancement as well as convenience and safety benefits. Even as this is the case, in recent years there have been initiatives from government and environmental groups, aimed at limiting the use of various plastic products (and implicitly, the materials going into these applications). Although the impact on global PE demand has so far been relatively limited, IHS Markit estimates the trend is set to continue going forward.

Nevertheless, IHS Markit expects PE demand to continue to increase by rates exceeding global GDP performance. Main drivers in PE consumption growth will be transitional countries in Asia, Central Europe, the Middle East and South America, which are due to increase plastic usage as they move further towards consumer-based economies.

The graph below shows the historical production and demand for HDPE between 2010 and 2019:



Similarly, the following graph sets forth the historical production and demand levels for LLDPE between 2010 and 2019:



With IHS Markit expecting capacity to continue expanding faster than consumption, operating rates in the industry are set to trend down. In this context, feedstock-advantaged players (for example in the Middle East and North America) will continue to be most resilient and see continued expansion in capacity.

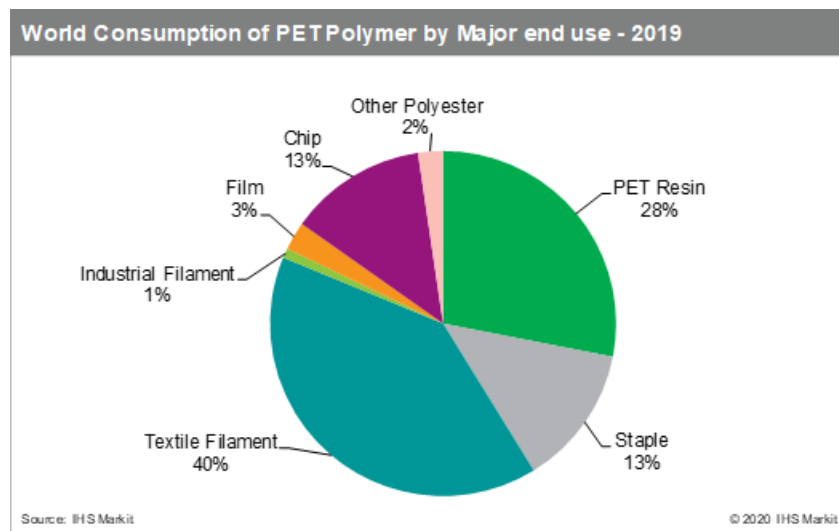
## Polyethylene Terephthalate Market Overview

### Description

Polyethylene terephthalate (also referred to as polyester or PET) is the common chemical name for the polymer which is processed to make polyester fibre, polyethylene terephthalate packaging resin and other applications. Taken together, the various forms of polyester fibres (including staple, textile filament and industrial filament) account for more than half (approximately 54 per cent.) of the global PET market, with solid-state resins making up another 28 per cent. The rest of the market consists of oriented polyethylene terephthalate films and other end uses.

The distinguishing quality of polyester polymer in its various forms is its recyclability; in general, increasing pressure to recycle has resulted in a significant portion of PET being recycled. Post-industrial PET waste is widely used in engineering resins, while post-consumer PET is used in producing staple fibres. The statistics in this section reflect IHS Markit data for the production of virgin PET and do not include detailed information about the use of recycled material.

The following graph presents world consumption of polyethylene terephthalate polymer by end use for 2019:



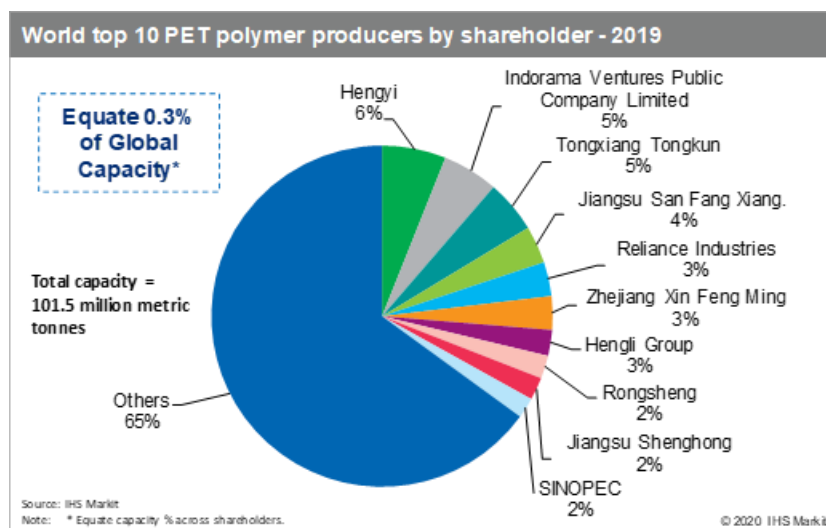
Globally, IHS Markit estimates approximately 9 million metric tonnes per annum of polyester products (mainly textile filament, film, and industrial filament) are produced using virgin PET chips. In addition, IHS Markit estimates over 7 million metric tonnes of polyester (especially staple fibre and solid-state resin) are made per annum from recycled PET. These categories are not reflected in the split above.

### Competitive landscape

Between 2004 and 2017, global PET capacity has approximately doubled to about 91 million metric tonnes, with the increase especially strong in Asia. As of 2017, IHS Markit estimates about 80 per cent. of global PET polymer and 94 per cent. of polyester fibre capacities were based in Asia, with the proportions reflecting the region's importance both in the global textile industry and in packaging manufacturing. On a standalone basis, China accounted for more than half of global PET polymer capacity. Currently, new large-scale PET capacity is being built in North America, making use of cheap feedstock from shale gas.

The competitive landscape for PET polymer is highly fragmented, with hundreds of producers globally.





As shown in the chart above, on a shareholder basis, the top 10 producers accounted for approximately 35 per cent. of the market as of 2019. All polymer manufacturers in the top 10 were headquartered in Asia. Globally, all major PET polymer manufacturers are forward-integrated into the manufacture of polyester products. A few of these, including Indorama Ventures, Reliance Industries and Formosa, cover the complete polyester value chain spanning from the production of upstream monomers to manufacture of polyester fibre and solid-state resin.

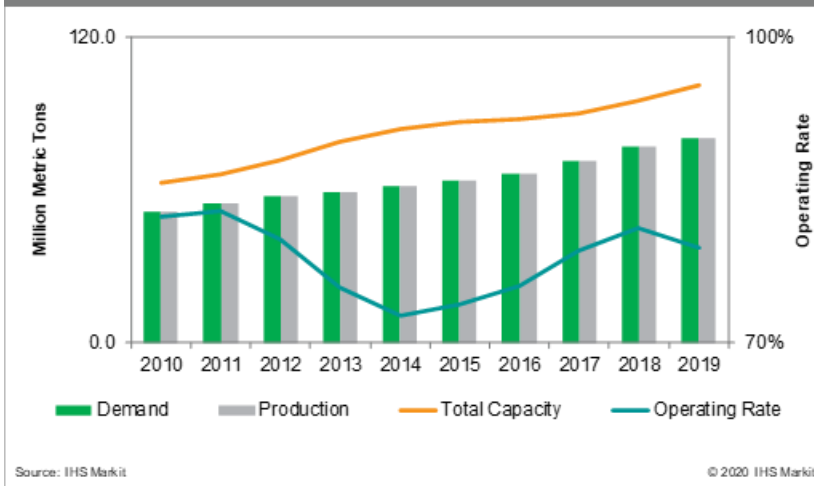
#### ***Demand by end markets and regions***

Global PET polymer consumption was approximately 70 million metric tonnes in 2017. According to IHS Markit, over the decade to 2017, consumption developed at an average growth rate of 4.3 per cent. per annum. This was driven by the increasing use of polyester fibre in textile and industrial filaments (and other applications), as well as in the beverage sector. Of total polymer consumption in 2019, fibres accounted for 54 per cent. while PET solid-state resin accounted for another 28 per cent. Polyester fibre has gained wide acceptance in the textile industry due to its physical properties, competitive price, recyclability and versatility. The polyester market has grown such that IHS Markit estimates that it accounts for half of the global fibre market globally (synthetic and natural).

Geographically, the majority of demand (66 per cent.) is attributable to Northeast Asia, with China making up 86 per cent. of the regional total due to its textile industry. Similarly, recent historical growth in consumption has mainly been due to increases in emerging markets. In contrast, over the five years to 2017, PET polymer consumption in mature markets like North America and Western Europe stagnated or even declined. According to IHS Markit, this was the result of increasing imports from cost advantaged producers in the Middle East and Asia, which drove down demand from end-use manufacturers for Western-produced PET polymer. Further down the value chain, PET polymer use was also impacted by the shift in consumer trends in the beverage industry (water replacing carbonated soft drinks and trend towards light-weight plastic bottles).

Overall, the global PET polymer market is characterised by oversupply, due to demand growth consistently being outpaced by capacity growth over the past decade. The following graph presents the historical growth rates for capacity and demand between 2010 and 2019. According to IHS Markit, growth in demand for polyethylene terephthalate grew on average at a lower rate than capacity over the same period. In the period to 2022, IHS Markit expects the industry-wide operating rate to tighten, with PET polymer capacity additions growing at a slower pace compared to demand.

### World Supply / Demand for PET Polymer



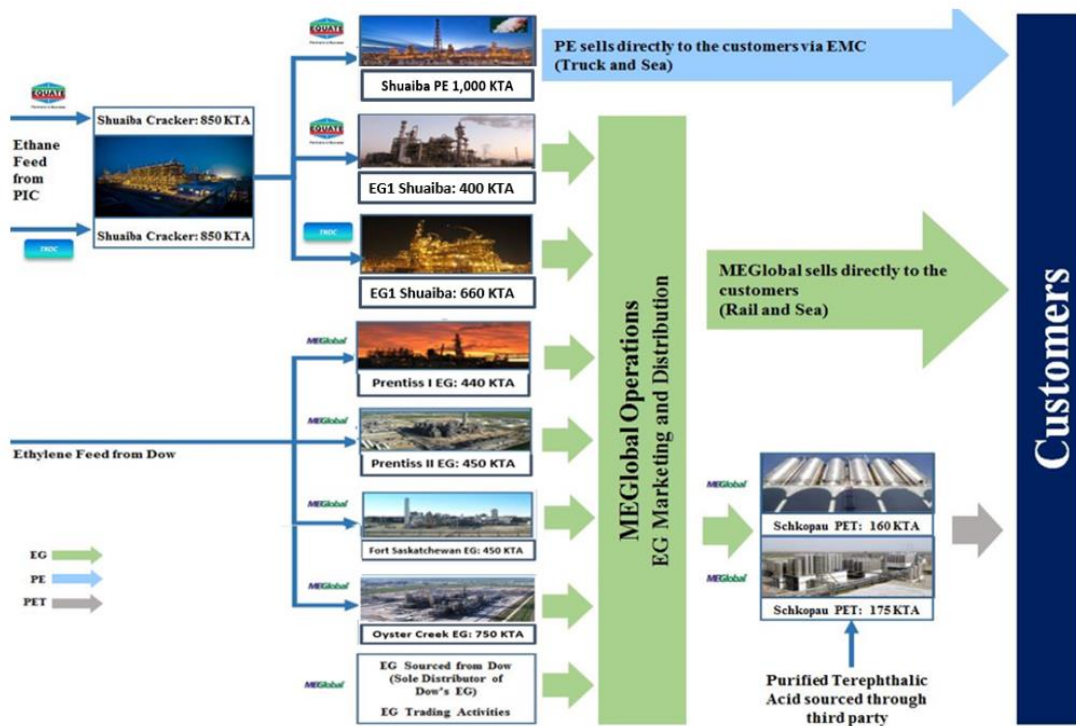
## BUSINESS

### Group Overview

The Group is the largest producer of petrochemical products in Kuwait and one of the leading producers of petrochemical products in the Middle East by sales and production volume, according to market reports (including the IHS Markit data in respect of global sales and production volumes cited elsewhere in this Base Listing Particulars). The Group produces, distributes and markets ethylene glycol, polyethylene and their co-products globally, including to Asia, North and South America, the Middle East, Turkey, India, Pakistan and Europe, and produces, distributes and markets polyethylene terephthalate in Europe. As at and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*").

The Group's business has vertically integrated chemical facilities and production technologies. The Group operates six manufacturing sites in four countries. As at 31 December 2019, the Group's total production capacity was approximately 4,485KTA, of which 46 per cent. was in Kuwait, 30 per cent. was in Canada, 7 per cent. was in Germany and 17 per cent. was in the United States.

The manufacturing process and product flow of the Group's integrated facilities are set out below:



The following map sets forth the geographical locations of the Group's production facilities and the Group's product distribution footprint around the globe:



The Group principally operates through three business lines: Ethylene Glycol, Polyethylene and Polyethylene Terephthalate. Each of EQUATE, TKOC and MEGlobal Canada manufactures ethylene glycol. The Group has an ethylene glycol plant in the Shuaiba Industrial Area in Kuwait with a production capacity of 400KTA; an ethylene glycol plant in the Shuaiba Industrial Area in Kuwait with a production capacity of 660KTA; three ethylene glycol plants in Prentiss and Fort Saskatchewan in Alberta, Canada with a combined production capacity of 1,340KTA and one ethylene glycol plant on the Gulf Coast in the United States with a production capacity of 750KTA. EQUATE also produces polyethylene and has a polyethylene plant in the Shuaiba Industrial Area in Kuwait with a production capacity of 1,000KTA. Equipolymers GmbH, a wholly-owned subsidiary of MEGlobal B.V., produces polyethylene terephthalate and has two polyethylene terephthalate plants in Schkopau, Germany with a combined production capacity of 335KTA.

The Group's Ethylene Glycol and Polyethylene business lines use ethane-based ethylene as feedstock. The Group's production facilities in Kuwait source ethane-rich gas from PIC. The ethane-rich gas is processed into ethylene by two ethane crackers each of which are owned by EQUATE and TKOC. These ethane crackers, which have production capacities of 850KTA each, are integrated into the Group's polyethylene and ethylene glycol production facilities in the Shuaiba Industrial Area in Kuwait. The Group's ethylene glycol production facilities in Canada source ethylene from Dow's ethane cracker in Fort Saskatchewan, and this ethylene is transported to MEGlobal Canada's Prentiss and Fort Saskatchewan production facilities by pipeline. The Group's ethylene glycol production facilities in the United States at Oyster Creek, Texas source ethylene from Dow's adjacent ethane cracker, and this ethylene is transported to the Gulf Coast production facilities by pipeline.

The Group benefits from low-cost, high-quality feedstock through long-term supply agreements with its principal shareholders, Dow and PIC, and based on its internal research and market reports, the Group believes that its feedstock costs are highly competitive. See further "*Competitive Strengths – Low cost feedstock under long-term feedstock supply agreements*". In addition, the Group's operations in Kuwait are strategically located near the Shuaiba Industrial Area port and benefit from the competitive rates of power in the Middle East which to date have generally been significantly lower than the cost of utilities in other regions of the world.

Moreover, the Group has a global ethylene glycol supply and distribution platform with regional business centres around the world that support the sales and marketing function of its Ethylene Glycol business line, including in Hong Kong, Shanghai, Dubai, Amsterdam and Houston. The Group's feedstock contracts, integrated facilities and distribution operations position it as a low-cost producer that is able to capture attractive margins across the value-chain, with the benefit of certainty of feedstock supply and access to a global distribution platform.

The Group's products are used primarily by other industries as raw materials to produce or manufacture products used in end markets. A significant proportion of the Group's products sales are used in consumer-driven end markets including textiles and food and beverage packaging. The Group believes that these industries are less susceptible than other sectors to economic recessions. See further "*Ethylene Glycol business line – Sales, Marketing and Customers*", "*Polyethylene business line – Sales, Marketing and Customers*" and "*Polyethylene Terephthalate business line – Sales, Marketing and Customers*".

The following chart presents the sales generated by each of the Group's business lines for the year ended 31 December 2019:

<b>Group sales</b>	<b>For the year ended 31 December 2019</b>
	<i>(U.S.\$ million)</i>
Ethylene Glycol.....	2,025
Polyethylene.....	736
Polyethylene Terephthalate .....	354
Others <sup>(1)</sup> .....	231
<b>Total</b> .....	<b>3,346</b>

<sup>(1)</sup> This includes the limited sales that EQUATE generates from the sale of ethylene to The Kuwait Styrene Company ("TKSC") and managing and operating the production facilities of, and providing utilities to, TKSC, the Kuwait Aromatics Company K.S.C.C. ("KARO") and PIC, which amounted to U.S.\$231 million for the year ended 31 December 2019. See further "*Business lines*".

The following chart presents the adjusted EBITDA generated by each of the Group's business lines for the year ended 31 December 2019:

<b>Group adjusted EBITDA<sup>(1)</sup></b>	<b>For the year ended 31 December 2019</b>
	<i>(U.S.\$ million)</i>
Ethylene Glycol.....	751
Polyethylene.....	301
Polyethylene Terephthalate .....	20
Others <sup>(2)</sup> .....	52
<b>Total</b> .....	<b>1,124</b>

<sup>(1)</sup> See "*Presentation of Financial and Other Information – Use of Alternative Performance Measures*" and "*Selected Financial and Other Information*".

<sup>(2)</sup> This includes the adjusted EBITDA on limited sales that EQUATE generates from the sale of ethylene to TKSC and managing and operating the production facilities of, and providing utilities to, TKSC, KARO and PIC, which amounted to U.S.\$52 million for the year ended 31 December 2019. See further "*Business lines*".

***Ethylene Glycol business line.*** The Group's Ethylene Glycol business line produces, markets and distributes ethylene glycol. As at and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit. See further "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*". For the year ended 31 December 2019, the Group produced 2,974KMT of ethylene glycol. Ethylene glycol and its derivatives play a significant role in the chemicals industry as they can serve as versatile intermediates in a wide range of applications due to their chemical properties. Ethylene glycol is used in the production of a wide range of products including polyester fibre, polyethylene terephthalate resins, automotive liquids, including antifreeze, and other chemical products. The primary products manufactured by the Group's Ethylene Glycol business line are monoethylene glycol ("**MEG**") and diethylene glycol ("**DEG**").

For the year ended 31 December 2019, the Group's Ethylene Glycol business line generated U.S.\$2,025 million in sales, which represented 60.5 per cent. of the Group's total sales.

The Group produces ethylene glycol at its manufacturing sites in Kuwait, Canada and the United States. The following table sets forth the Group's production volumes by product and the manufacturing facility for the periods indicated:

Producer	Business line	Products <sup>(1)</sup>	Place of production	Capacity	Production Volume		
					For the year ended 31 December		
					2019	2018	2017
EQUATE.....	EGs	MEG (92%) DEG (8%)	Shuaiba Industrial Area, Kuwait	400KTA	521KMT	590KMT	561KMT
TKOC.....	EGs	MEG (92%) DEG (8%)	Shuaiba Industrial Area, Kuwait	660KTA	990KMT	973KMT	815KMT
MEGlobal .....	EGs	MEG (91%) DEG (9%)	Prentiss I, Prentiss II, Fort Saskatchewan, Canada USGC, U.S.	440KTA 450KTA 450KTA 750KTA	1,463KMT	1,257KMT	1,277KMT
<b>Total.....</b>				<b>3,150KTA</b>	<b>2,974KMT</b>	<b>2,820KMT</b>	<b>2,653KMT</b>

<sup>(1)</sup> The product percentage split is an approximation. Higher glycols such as triethylene glycol which is a by-product of ethylene glycol production are omitted from product percentage split. Such by-products account for approximately 1 to 2 per cent. of total ethylene glycol production volume.

In addition, the Group's Ethylene Glycol business line markets and supplies ethylene glycol and for the year ended 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"). The Group's global ethylene glycol distribution platform has business centres around the world that support the sales and marketing function of its Ethylene Glycol business line, including in Hong Kong, Shanghai, Dubai, Amsterdam and Houston. As a global ethylene glycol market leader that participates in all regions, the Group has the ability to adjust regional ethylene glycol supply and demand imbalances by adjusting ethylene glycol volume supplied to a particular region.

**Polyethylene business line.** The Group's Polyethylene business line produces polyethylene at its manufacturing facility in Kuwait. For the year ended 31 December 2019, the Group produced 716KMT of polyethylene. Polyethylene, including linear low-density polyethylene and high-density polyethylene, is the single largest category of the world's thermoplastics, representing 1 per cent. of the 100MMT global thermoplastic market in 2019 according to IHS Markit. It is a relatively low cost and versatile polymer used in a wide range of moulded and extruded applications such as household and food containers, toys, food and non-food packaging film and sheet. The primary products manufactured by the Group's Polyethylene business line are high-density ("HDPE") and linear low-density ("LLDPE") grades of polyethylene.

For the year ended 31 December 2019, the Group's Polyethylene business line generated U.S.\$736 million in sales and represented 22 per cent. of the Group's total sales.

The following table sets forth the Group's productions volumes and the manufacturing facility for the periods indicated:

Producer	Business line	Products <sup>(1)</sup>	Place of production	Nameplate capacity	Production Volume		
					For the year ended 31 December		
					2019	2018	2017
EQUATE.....	PE	HDPE (62%) LLDPE (38%)	Shuaiba Industrial Area, Kuwait	1,000KTA	716KMT	779KMT	727KMT

<sup>(1)</sup> The product percentage split can vary from year to year based on production mix.

**Polyethylene Terephthalate business line.** The Group's Polyethylene Terephthalate business line produces polyethylene terephthalate and also distributes and markets polyethylene terephthalate in Europe. For the year ended 31 December 2019, the Group produced 314KMT of polyethylene terephthalate. Polyethylene terephthalate is produced by combining modified ethylene glycol and purified terephthalic acid. It is a widely recycled plastic and comprises a high proportion of post-consumer wastes. Polyethylene terephthalate is used in the production of beverage, food and other liquid containers, and also in the production of extruded films and sheets and thermoforming applications.

For the year ended 31 December 2019, the Group's Polyethylene Terephthalate business line generated U.S.\$354 million in sales, which represented 11 per cent. of the Group's total sales.

The Group produces polyethylene terephthalate at its manufacturing site in Germany. The following table sets forth the Group's polyethylene terephthalate production volumes for its two polyethylene terephthalate plants located at a single production facility in Germany for the periods indicated:

Producer	Business line	Place of production	Nameplate capacity	Production Volume		
				For the year ended 31 December		
				2019	2018	2017
Equipolymers (a subsidiary of MEGlobal B.V.) .....	PET	Schkopau, Germany	335KTA	314KMT	331KMT	322KMT

In addition, the Group's Polyethylene Terephthalate business line also markets and distributes polyethylene terephthalate produced by its operations in Germany, primarily to Europe.

### The Group's History

**1995:** EQUATE was established in 1995 as a closed joint stock company organised under the laws of Kuwait to promote the petrochemicals sector in Kuwait. It represents Kuwait's first international petrochemicals joint venture. As at the date of this Base Listing Particulars, the state-owned PIC owns 42.5 per cent., Dow owns 42.5 per cent., BPC owns 9 per cent. and QPIC owns 6 per cent., of the issued share capital of EQUATE. See further "*Description of EQUATE – Principal Shareholders*".

**1997:** EQUATE commenced operations in 1997 as the first manufacturer of ethylene, polyethylene and ethylene glycol in Kuwait. The sale of petrochemicals products by EQUATE accounts for a major part of Kuwait's export value from non-oil sources. Initially, EQUATE's facilities comprised of one ethane cracker with a design capability of 787.5 KTA, one polyethylene facility with a design capability of 450 KTA and one ethylene glycol plant with a design capability of 400 KTA of monoethylene glycol.

**2004:** TKOC was established in 2004 as a closed joint stock company organised under the laws of Kuwait to implement the "Olefins II" project as part of the "Greater EQUATE" expansion project. TKOC is another joint venture between Dow and PIC as at the date of this Base Listing Particulars, the shareholders (and their respective shareholding) of TKOC are identical to that of EQUATE. See further "*Description of TKOC – Principal Shareholders*". The Olefins II project was an addition to EQUATE's olefins complex and comprised an ethane cracker with a production capacity of 850KTA and an ethylene glycol plant with a production capacity of 650KTA. The Olefins II complex is managed by EQUATE under an operations and management services agreement, pursuant to which EQUATE receives a management fee as operator. Adjacent to the Olefins II complex is a styrene plant owned by TKSC (and managed by EQUATE) which produces 450,000 tons of styrene monomer per year. The two facilities are integrated into a single complex and the production is marketed to the Middle East, Asia and Europe.

**2004:** MEGlobal B.V. was established as a private limited liability company organised under the laws of the Netherlands and MEGlobal Canada Inc. was incorporated as a limited liability corporation organised under the federal laws of Canada, in each case, in 2004. The MEGlobal Group represented another joint venture between Dow and PIC in which each of Dow and PIC (through their subsidiaries) owned a 50 per cent. equity stake in each of MEGlobal B.V. and MEGlobal Canada Inc. respectively at the time of their establishment. With production facilities in Canada which were previously owned and operated by Dow prior to the establishment of this joint venture, the MEGlobal Group is principally involved in the manufacturing, supply and marketing of ethylene glycol.

**2008:** The multi-billion dollar "Greater EQUATE" expansion project which increased Kuwait's polyethylene and ethylene glycol production capacities by 225KTA and 650KTA respectively was completed and became operative in 2008. The Greater EQUATE project comprises EQUATE, TKOC and:

- Kuwait Paraxylene Production Company ("**KPPC**"), which is majority-owned by the Kuwait government and represents Kuwait's sole venture into aromatics. It has a production capacity of 830KTA of paraxylene for export and also supplies benzene to TKSC (as defined below), in which it is a shareholder; and

- The Kuwait Styrene Company ("**TKSC**"), a public-private partnership between Dow and KARO. It has a production capacity of 450KTA of styrene monomer, an ethylene derivative.

TKOC, KPPC and TKSC are located in an integrated petrochemical complex which is adjacent to EQUATE's existing complex in the Shuaiba Industrial Area. TKOC's, KPPC's and TKSC's production facilities are managed by EQUATE, for which EQUATE receives a management fee in return.

**2009:** TKOC's Olefins II complex started production. EQUATE successfully completed the expansion of its polyethylene production capacity from 600KTA to 825KTA.

**2011:** Equipolymers GmbH (which was a wholly-owned subsidiary of Equipolymers B.V.) was merged with MEGlobal B.V. as part of the Equipolymers and MEGlobal merger.

**2015:** In December 2015, MEGlobal Canada Inc. and MEGlobal B.V. were acquired by the EQUATE Group for a consideration of U.S.\$2.997 billion (net of U.S.\$202.5 million, the amount of a loan from MEGlobal B.V. that the EQUATE Group repaid). As part of the pre-closing steps to this acquisition, MEGlobal Canada Inc. was amalgamated with several entities on 23 December 2015 and the amalgamated entity was named MEGlobal Canada ULC. A diagram of the Group's corporate structure as at the date of this Base Listing Particulars and which reflects the acquisition of the MEGlobal Group by the EQUATE Group is set forth in "*– Group's Corporate Structure*".

**2016:** EQUATE's polyethylene production facility underwent a de-bottlenecking process which was completed in August 2016. This has resulted in an additional 175KTA to its polyethylene production capacity. Furthermore, a ground-breaking ceremony for the U.S. Gulf Coast Project took place on 8 August 2016. See further "*– Ethylene Glycol business line – Facilities – U.S. Gulf Coast Plant*".

**2018:** The Group approved and paid for its share to participate in the expansion in 2020 of Dow's ethane cracker to increase the Group's share of ethylene feedstock. This is expected to enable the Group's ethylene glycol production at MEGlobal Fort Saskatchewan in Canada to increase an estimated 140KTA a year.

**2019:** The Group opened its newest ethylene glycol plant in the U.S. Gulf Coast which has a capacity of 750KTA. This new plant in the U.S. Gulf Coast will benefit from competitively priced ethylene supply from Dow's new ethane cracker and adds 750KTA of gross production capacity to the Group's ethylene glycol portfolio. It will produce monoethylene and diethylene glycol.

### **Competitive Strengths**

The Group believes that the factors set forth below provide it with a competitive advantage in the markets in which it competes:

***Low-cost feedstock under long-term feedstock supply agreements.*** Approximately 92 per cent. of the Group's production capacity uses ethane-based ethylene as feedstock for the production processes in its manufacturing sites, which are located in Kuwait, Canada and the United States. Feedstock is the most significant direct cost associated with the production of ethylene glycol and polyethylene. As a result of the following factors and according to the Group's internal research and market reports, the Group believes it has long-term secure access to feedstock at a cost which it believes is highly competitive compared to naphtha based feedstock.

The Group has access to competitively priced feedstock under long-term supply contracts with its principal shareholders, Dow and PIC. In Kuwait, the Group's production facilities receive first priority to ethane rich gas supplied by PIC from Kuwait National Petroleum Company's associated gas processing plants within the Mina Al-Ahmadi refinery, which is located adjacent to the Group's production facilities in the Shuaiba Industrial Area, under feedstock supply agreements with PIC for an indefinite term. These agreements have been in place since 1 June 1996. In Canada, the Group's production facilities source 95 per cent. of its ethylene requirements from Dow's Fort Saskatchewan (Alberta) ethane cracker under a long-term supply contract with Dow which expires on 30 June 2024 with two five-year extensions exercisable at the Group's sole option. In the United States, the Group's production facilities source 100 per cent. of its ethylene requirements from Dow's Oyster Creek (Texas) ethane cracker under a long-term supply contract with Dow which was entered into on 23 December 2015. See further "*Related Party Transactions – Feedstock Supply Agreements*".



Ethylene is typically produced from crackers that use ethane, propane, butane or light naphtha as feedstock. The Group's cracker portfolio is solely ethane-based which the Group believes provides competitive advantages compared to crackers which use products other than ethane. Ethane-based crackers are less capital intensive compared to crackers which use products other than ethane as feedstock. The feedstock conversion to ethylene of an ethane-based cracker is approximately 20 per cent. to 30 per cent. higher than that of light naphtha because ethane-based crackers produce fewer by-products. As a result the Group believes that, at the current levels of crude oil prices, producers who use ethane-based ethylene as feedstock will maintain a significant cost advantage compared to naphtha-based crackers. In particular, the price of ethane-based ethylene from the Middle East is currently among the lowest in the world.

***Fully integrated global platform for the production and distribution of petrochemicals.*** The Group has six manufacturing sites on three continents (with production facilities in Kuwait, Canada, Germany and the United States) with a total production capacity of approximately 4,485KTA as at 31 December 2019. Each of these sites is integrated with a major cracker which is either owned by the Group or by a third party. The Group is the largest petrochemicals producer in Kuwait. The Group's sites are located near raw materials, refineries, associated pipeline and (in the case of Kuwait) port infrastructure. As at 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit.

***Favourable economics across the value-chain.*** Based on the Group's internal research and market reports, the Group believes that its cost of production is highly competitive as a result of the following factors:

***Strategic locations.*** The Group's ethane crackers and downstream petrochemical production units in Kuwait are located adjacent to the Kuwait National Petroleum Company's associated gas processing plant, while the feedstock for the Group's Canadian petrochemical production units are supplied by pipelines connecting the Group's petrochemical production units in Canada with Dow's Fort Saskatchewan (Alberta) ethane cracker. In addition, the Group's new plant in the U.S. Gulf Coast (Oyster Creek, Texas) is located adjacent to Dow's ethane cracker. This allows the Group to reduce its raw material transportation cost. In addition, the Group's production units in Kuwait are strategically located near the Shuaiba Industrial Area port which reduces the Group's logistical cost associated with the export of its products.

***Low-cost utilities.*** The Group's manufacturing facilities in Kuwait, which account for more than half of the Group's production, benefit from the competitive rates of utilities in the Middle East which to date have been generally lower than the cost of utilities in other regions of the world, thereby reducing the cost of production in the Group's Kuwaiti operations.

***Global ethylene glycol market leader.*** As at 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"). By serving as a global ethylene glycol market leader, the Group can react quickly to market changes (whether in demand, supply or due to tariffs and other factors) and adjust regional supply by redirecting its products from one region to another in order to optimise net sales prices (after adjusting for third party transport costs).

***Strong adjusted EBITDA margin despite challenging market conditions.*** The prices of polyethylene and ethylene glycol tend to be correlated with crude oil prices in the long-term. However, 2019 has witnessed declines in the price for ethylene and its major derivatives, including polyethylene and ethylene glycol, relative to crude, in view of the supply demand dynamics whereby supply increases outpaced increases in demand. Nonetheless, crude oil prices remain an important determinant of global ethylene and derivatives production costs, given that major global ethylene production, mostly in Asia, the Indian Subcontinent and Europe, is based on naphtha feedstock. The below chart provides an overview of Brent crude oil price trend in relation to MEG prices:



In 2019, ethylene glycol average prices declined by approximately 36 per cent. compared to the average prices from the previous year. The Group nonetheless posted net profit of U.S.\$638 million, adjusted EBITDA of U.S.\$1,124 million and an adjusted EBITDA margin of 33 per cent. for the year ended 31 December 2019, primarily supported by the Group's competitive advantage in respect of its access to low-cost feedstock and its marketing strategy.

**High barriers to entry.** The petrochemicals industry is in general characterised by high-barriers to entry, including for ethylene glycol production. The construction of new ethylene glycol plants requires a substantial level of capital investment as well as specialised engineering firms with the capacity to build new plants. The Group is able to utilise its technological know-how to effectively implement and execute production capabilities. In addition, there are only three major technology providers for ethylene glycol production globally giving rise to technological barriers to production know-how. Moreover, operators in the petrochemical industry face significant regulatory compliance costs associated with manufacturing processes which deal with chemical waste and emissions.

**Additional capacity as a result of the new U.S. Gulf Coast plant and upcoming Canadian expansion.** The Group is experienced in the construction of new petrochemical facilities and was involved in the building and construction of the six production facilities that it has across four countries. In October 2019, the Group announced the opening of its newest ethylene glycol plant in the U.S. Gulf Coast which has a capacity of 750KTA. This new plant in the U.S. Gulf Coast produces monoethylene and diethylene glycol and benefits from competitively priced ethylene supply from Dow's adjacent ethane cracker. Additionally, the ethane cracker which supplies the feedstock to the Fort Saskatchewan plant in Canada received approval to expand its productions which is expected to expand the production capacity of the Group's plant by an additional 140KTA per annum following a debottlenecking process at the Group's plant in 2021.

**Strategic importance to shareholders.** The Group enjoys a high level of support from its major shareholders Dow and PIC, who are themselves important players in the global petrochemical industry. The Group is a joint venture between Dow, one of the largest chemical companies in the world by revenue and PIC, an indirect subsidiary owned by the government of Kuwait (the "**Government**"). Each of Dow and PIC owns a 42.5 per cent. equity stake in EQUATE and TKOC. The EQUATE Group and TKOC are important contributors to Kuwait's economy. According to the Kuwait Central Statistical Bureau, as at 31 December 2018, around 94 per cent. of Kuwait's national exports was derived from oil and its by-products, and according to management estimates, the Group contributes a significant portion of Kuwait's non-oil export revenue. As a result, the Group believes that the Group's operations in Kuwait will have the continued support of the Government including by way of provision of a dedicated berth for shipping at the Shuaiba Industrial Area port and competitively priced feedstock. Dow in turn offers the Group global management expertise, access to Dow's production technology and know-how, as well as supply of competitively priced feedstock to the Group's Canadian operations (and its U.S. Gulf Coast operations).

**Diversified geographic end-markets.** The Group's petrochemical products are sold to customers in diverse geographic locations. The following table sets forth the Group's third party sales by region for the year ended 31 December 2019:

**For the year ended 31 December 2019**

	<b>EG</b>	<b>PE</b>	<b>PET</b>	<b>Others</b>	<b>Total</b>	<b>% of Total</b>
	<i>U.S.\$ million, except %</i>					
<b>Revenue by product/services and geography</b>						
Americas .....	337	-	-	-	337	10.1
North Asia.....	894	338	-	-	1,232	36.8
India sub-continental.....	347	36	-	-	383	11.4
Europe.....	297	83	354	-	734	21.9
Rest of the World <sup>(1)</sup> .....	150	279	-	231	660	19.7
<b>External revenue .....</b>	<b>2,025</b>	<b>736</b>	<b>354</b>	<b>231</b>	<b>3,346</b>	<b>100.0</b>

<sup>(1)</sup> Rest of the World includes revenue from sale of products in Kuwait of U.S.\$60 million.

The Group believes such market diversity reduces the Group's reliance on a particular economy or region.

**Experienced management team.** The Group's senior management team and members of its board of directors are appointed by Dow and PIC. The Group's management team has extensive experience in the chemical industry, including in leading companies such as Dow and PIC.

### **Business Strategy**

**Maintain market leading position in ethylene glycol.** As a global ethylene glycol market leader that participates in all regions, the Group has the ability to react quickly to market changes and adjust regional supply by redirecting its products from one region to another, through its well established customer portfolio and global business relationships, the Group achieves the highest net sales price (after adjusting for third party transport costs). The Group intends to maintain its market-leading position by providing excellent customer service through reliability of supply, leveraging its multi-source supply capability and efficient logistics operations. In addition, the Group adopted an "over-commitment" strategy whereby it committed to produce, as a contractual obligation, approximately 19 per cent. over its annual production volume of ethylene glycol. This helps support the Group's market leading position and secured ready demand for the additional ethylene glycol production capacity originating from the completion of the U.S. Gulf Coast plant in the fourth quarter of 2019. As a result, the Group has already concluded all the 2020 contracts including the additional U.S. production volumes.

**Maintain direct marketing channels.** The Group has its own marketing channels and distribution platforms which enables it to sell products manufactured by its Ethylene Glycol business line and Polyethylene Terephthalate business line directly to customers without using third party distributors. The Group intends to maintain such direct sales channels to ensure it captures margin across the value chain. This also enables the Group to develop and maintain long-term relationships with valued customers and allows it to exercise better control over its customer portfolio.

**Selective customer portfolio management.** The Group actively manages its customer portfolio and selects its customer base by evaluating potential customers against criteria driven by its business strategy, including but not limited to, the value contribution, strategic fit (where relevant), geographical alignment and creditworthiness of potential customers. This helps the Group effectively manage the consistency of its business, maintain its supply position, streamline its receivables as well as concentrate its sales activity on high-value customers.

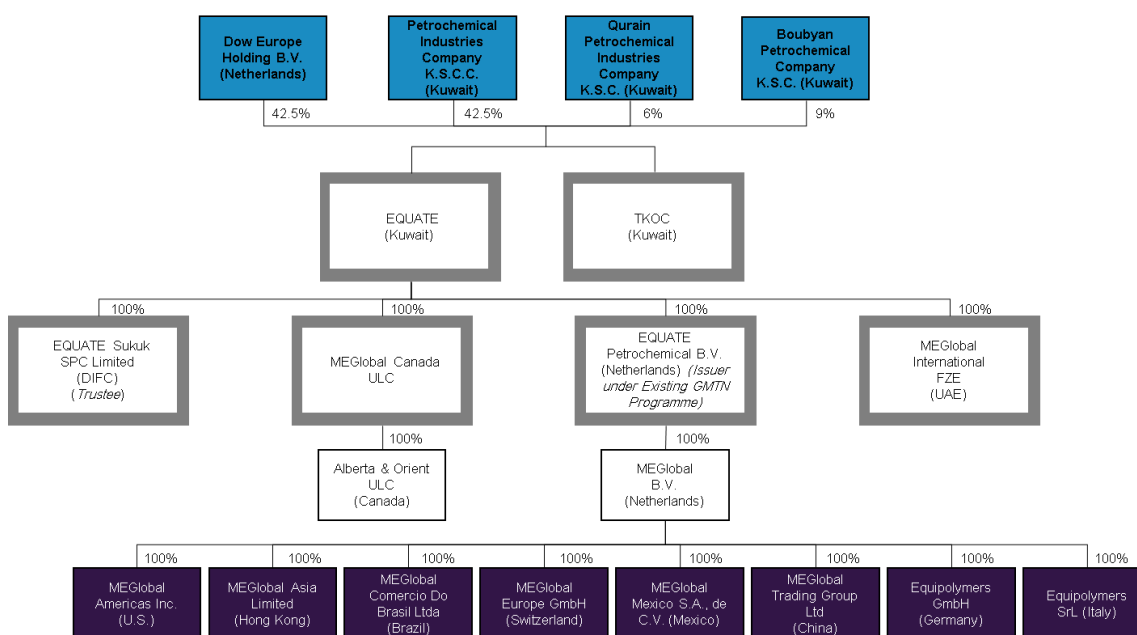
**Maximise utilisation of assets.** The Group strives to operate its facilities at full capacity as it believes this allows it to maintain positive margins and cashflows, even during downturns in industry cycles or customer demand, more readily than some of its competitors who have higher production costs. For the year ended 31 December 2019, the Group's production facilities were operating at a weighted average of 116 per cent. across its ethylene glycol production facilities, 87 per cent. for its polyethylene production facility and 94 per cent. for its polyethylene terephthalate production facility. The Group seeks to achieve growth in production volume by improving utilisation rates with the defined availability of an asset, improving availability of an asset by minimising planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. The Group has a strong track record of achieving continuous

improvements in production capacity through de-bottlenecking and improving catalyst efficiency which has allowed the Group to operate above nameplate capacity.

**Continue to attract talented employees and foster a performance driven culture.** The Group employs carefully crafted talent and performance management strategies, policies and processes to ensure that the right talent is attracted, engaged, motivated and retained to maximise its performance and contribution to the Group. The Group has long and short-term incentives programmes in place for employees which are designed to motivate individuals and teams to contribute to the Group's strategic objectives.

**Maintain world-class environmental, health and safety excellence.** The Group is dedicated to continually improving its EH&S performance. The Group ensures that all employees receive appropriate training, thereby enabling them to effectively contribute to EH&S performance and EH&S improvement processes. It is the Group's policy to design its processes and manufacture and distribute its products in a responsible manner so that its employees, customers, the public and the environment are protected from avoidable risks. The Group's strategy is to continue achieving world-class injury and environmental compliance ratings. Based on the Group's EH&S performance during 2019, the EQUATE Group in Kuwait was Responsible Care® recertified and in 2019 the Group's Canadian facilities were also successfully Responsible Care® recertified. During 2018, the American Society of Safety Engineers, Kuwait chapter, awarded EQUATE with the Platinum Award for EH&S Excellence in Manufacturing as well as the Gold Medal award for winning the Gold Award for five successive years. In 2019, the Group's Canadian facilities were recognised for five years of outstanding safety performance by the Chemistry Industry Association of Canada. This track record has supported the Group's competitive position by expediting regulatory approvals, including for the U.S. Gulf Coast facility and as a marketing tool.

### Group's Corporate Structure



### Description of the Group

- Although the Obligors, being EQUATE and TKOC, are separate legal entities, they have the same shareholders and have historically operated under common management and control. See further "Description of EQUATE" and "Description of TKOC". Each of the Obligors have production facilities in the Shuaiba Industrial Area of Kuwait for the manufacturing of ethylene glycol and (in the case of EQUATE only) polyethylene. See further "Business".

## Business lines

The Group reports its results of operations based on three product-based business lines through which its operations are managed:

- **Ethylene Glycol business line.** The Group's Ethylene Glycol business line produces, markets and supplies ethylene glycol. The two principal products the Group manufactures in this business line are monoethylene glycol and diethylene glycol. As at 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"). For the year ended 31 December 2019, the Group's Ethylene Glycol business line's sales amounted to U.S.\$2,025 million, or 60.5 per cent. of the Group's total sales.
- **Polyethylene business line.** The Group's Polyethylene business line manufactures two grades of polyethylene: high-density polyethylene and linear low-density polyethylene. For the year ended 31 December 2019, the Group had approximately 1 per cent. of the global market share by capacity for high-density polyethylene and approximately 1 per cent. of the global market share by capacity for linear low-density polyethylene according to IHS Markit. For the year ended 31 December 2019, the Group's Polyethylene business line's sales amounted to U.S.\$736 million, or 22 per cent. of the Group's total sales.
- **Polyethylene Terephthalate business line.** The Group's Polyethylene Terephthalate business line produces and markets polyethylene terephthalate on a regional basis, primarily to Europe. According to the Group's internal analysis using industry data (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"), as at 31 December 2019, the Group was the fifth largest European manufacturer of polyethylene terephthalate, with a market share of approximately 10 per cent. by capacity in the European polyethylene terephthalate market. For the year ended 31 December 2019, the Group's Polyethylene Terephthalate business line's sales amounted to U.S.\$354 million, or 11 per cent. of the Group's total sales.

In addition to the product-based business lines set forth above, EQUATE also generates limited sales from sale of ethylene produced by its ethane-crackers in Kuwait to TKSC and managing and operating the production facilities of, and providing utilities to, TKSC, KPPC and PIC. See further "*Related Party Transactions*". For the year ended 31 December 2019, such sales and services amounted to U.S.\$231 million, or 7 per cent. of the Group's total sales.

## Ethylene Glycol Business Line

### Overview

The Group's Ethylene Glycol business line produces, markets and distributes ethylene glycol. As of 31 December 2019, the Group was the world's second largest producer of monoethylene glycol by capacity according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*").

Ethylene glycol and its derivatives play a significant role in the chemicals industry due to the fact that they can serve as versatile intermediates in a wide range of applications due to its chemical properties. Especially significant is resin formation, including the condensation with dimethyl terephthalate or terephthalic acid resulting in a polyester resin. The reactivity and solubility of ethylene glycol provide the basis for many applications.

The Group manufactures ethylene glycol at two facilities in Kuwait, at three facilities in Canada and one facility in the United States which have a combined annual production capacity of 3,150KTA. For the year ended 31 December 2019 the Group manufactured 2,974KMT of ethylene glycol.

The Group's Ethylene Glycol business line trades through EQUATE's subsidiary MEGlobal B.V. which, together with its affiliate company MEGlobal Canada and their subsidiaries, were acquired by the EQUATE Group in December 2015. For the year ended 31 December 2019, MEGlobal marketed and distributed approximately 3.65MMT of ethylene glycol. The Group maintains its leadership position by participating in all key markets by geography and application. Moreover, the Group announces monthly benchmark prices in key regions such as Asia and the Americas and participates in European Contract Pricing

discussions to demonstrate its market leadership. The Group intends to maintain its market-leading position by providing excellent customer service through reliability of supply, leveraging its multi-source supply capability and efficient logistics operations. In addition, the Group adopted an "over-commitment" strategy whereby it committed to produce, as a contractual obligation, approximately 19 per cent. over its annual production volume of ethylene glycol. This helps support the Group's market leading position and secured ready demand for the additional ethylene glycol production capacity originating from the completion of the U.S. Gulf Coast plant in the fourth quarter of 2019. As a result, the Group has already concluded all the 2020 contracts including the additional U.S. production volumes. The Group supports this strategy by having in-house trading capabilities and a multi-sourcing platform that allows it to source additional ethylene glycol from Dow and from third parties, including the spot market, and through reliable and efficient supply and logistics operations. For the year ended 31 December 2019, the Group produced 2,974MMT of ethylene glycol and sold 3.6MMT of ethylene glycol (comprising 3.4MMT of monoethylene glycol and 0.2MMT of diethylene glycol), of which approximately 8 per cent. of the ethylene glycol was sourced from Dow and 14 per cent. was sourced from third parties by way of spot and structural purchases.

For the year ended 31 December 2019, the Group's Ethylene Glycol business line generated U.S.\$2,025 million in sales, representing 60.5 per cent. of the Group's total sales.

### **Products**

The Group's Ethylene Glycol business line produces monoethylene glycol and diethylene glycol. Monoethylene glycol is the most important of the commercially available glycols. Diethylene glycol is a by-product in the manufacturing of monoethylene glycol and accounts for approximately eight to 10 per cent. of the Group's Ethylene Glycol business line's total production volume. Accordingly, inventories of diethylene glycol can vary as its production is dictated by the production of monoethylene glycol rather than market demand.

Monoethylene glycol is predominantly used in the manufacturing of polyester fibre, polyethylene terephthalate food and beverage packaging containers and antifreeze in automotive.

Diethylene glycol is predominantly used in the manufacturing of unsaturated polyester resin, polyurethane and cutting fluid.

### **Facilities**

The Group owns six ethylene glycol production facilities. Three of the Group's facilities are located in Canada, two of its facilities are located in Kuwait and one of its facilities is located in the United States. The following table sets forth the production volumes by product and the manufacturing facility for the periods indicated:

<b>Producer</b>	<b>Business line</b>	<b>Products<sup>(1)</sup></b>	<b>Place of production</b>	<b>Nameplate capacity</b>	<b>Production Volume</b>		
					<b>2019</b>	<b>2018</b>	<b>2017</b>
EQUATE.....	EGs	MEG (92%) DEG (8%)	Shuaiba Industrial Area, Kuwait	400KTA	521KMT	590KMT	561KMT
TKOC.....	EGs	MEG (92%) DEG (8%)	Shuaiba Industrial Area, Kuwait	660KTA	990KMT	973KMT	816KMT
MEGlobal .....	EGs	MEG (91%) DEG (9%)	Prentiss I, Prentiss II, Fort Saskatchewan, Canada USGC, U.S.	440KTA 450KTA 450KTA 750KTA	1,463KMT	1,257KMT	1,278KMT
<b>Total</b>				<b>3,150KTA</b>	<b>2,974KMT</b>	<b>2,820KMT</b>	<b>2,653KMT</b>

<sup>(1)</sup> The product percentage split is an approximation. Higher glycols such as triethylene glycol which is a by-product of ethylene glycol production are omitted from product percentage split. Such by-products account for approximately one to two per cent. of total ethylene glycol production volume.

### **U.S. Gulf Coast Plant**

The Group completed construction of a world-scale 750KTA ethylene glycol plant in the U.S. Gulf Coast (Oyster Creek, Texas) in October 2019. This new plant is located adjacent to Dow's ethane cracker, and benefits from competitively priced ethylene feedstock from Dow's new ethane cracker pursuant to an

ethylene supply agreement (see "*Related Party Transactions*"). Given its location, the new plant has easy access to the port facilities located at Freeport, Texas for export purposes.

The new plant operates using advanced METEOR™ Ethylene Oxide/Ethylene Glycol Process Technology and METEOR™ EO-RETRO Catalyst technology licensed from Dow, which has had proven success in a number of production facilities around the world.

The Group expects that the production capacity added by this plant will help the Group leverage its global distribution footprint for ethylene glycol. The Group estimates that the total cost of construction for the project was around U.S.\$2 billion and has funded its completion using the Group's operational cash flows and cash balances.

#### *Expansion of Fort Saskatchewan Plant*

The Group approved and paid for its share to participate in the expansion in 2020 of Dow's ethane cracker to increase the Group's share of ethylene feedstock. This will enable the Group's ethylene glycol production at MEGlobal Fort Saskatchewan in Canada to increase by an estimated 140KTA a year. The Group expects production at this plant to decrease in 2020 as a result of the processes but will receive the full year impact of the increase in 2021.

#### **Raw materials and energy**

##### *Feedstock*

The most significant direct cost associated with the production of ethylene glycol is feedstock. Feedstock accounted for approximately 66 per cent. of the Group's variable cost of ethylene glycol production for the year ended 31 December 2019.

The feedstock used by the Group's manufacturing facilities in Kuwait is ethane-rich gas supplied by PIC from Kuwait National Petroleum Company's associated gas processing facilities in the Mina Al-Ahmadi refinery under supply agreements for an indefinite term pursuant to which each of EQUATE and TKOC receives first priority supply at a competitive rate. The ethane-rich gas is then processed into ethylene by two ethane-crackers that are integrated into the Group's production facilities in the Shuaiba Industrial Area in Kuwait and used as feedstock in the production of ethylene glycol. The price of the ethane-rich gas is revised annually according to a pre-agreed formula set out in the relevant supply agreement.

The Group's Canadian operations purchases ethane-based ethylene from Dow Chemical Canada Inc. at a competitive rate under a long-term supply agreement which matures on 30 June 2024, with two five-year extensions, until 30 June 2029 and 30 June 2034, respectively, exercisable at the Group's sole option. See further "*Related Party Transactions*". The ethylene supplied by Dow under this supply agreement currently covers more than 90 per cent. of the Group's Canadian operation's input requirement. The remaining portion of the Group's input requirement is sourced from spot purchases. The competitively priced feedstock supplied by Dow Chemical Canada Inc. gives the Group's Canadian operations a significant cost advantage over other naphtha-based producers who typically use naphtha-based ethylene, even at current low price levels of crude oil. The ethane-based ethylene is supplied to the Group's Canadian manufacturing facilities via pipelines from Dow's Fort Saskatchewan (Alberta) ethane cracker, which minimises logistic cost and enhances the profitability of the Group's Canadian operations.

The Group's United States operations purchases ethane-based ethylene from The Dow Chemical Company at a competitive rate under a long-term supply agreement which only terminates if either Dow's cracker facility or the Group's MEG plant permanently ceases to operate. See further "*Related Party Transactions*". The ethylene supplied by Dow under this supply agreement currently covers the Group's United States operation's input requirement, minimises logistics costs and enhances the profitability of the Group's United States operations. The competitively priced feedstock supplied by The Dow Chemical Company gives the Group's United States operations a significant cost advantage over other naphtha-based producers in the United States who typically use naphtha-based ethylene, even at current low-price levels of crude oil.

As a result of these long-term supply agreements and according to the Group's internal research and market reports, the Group believes that the cost of ethylene for its Kuwait, Canadian and United States operations is highly competitive. See further "*Competitive Strengths – Low-cost feedstock under long-term feedstock supply agreements*" and "*Related Party Transactions*".

### *Energy and water*

Energy and water is supplied to the Group's manufacturing sites in Kuwait by the Ministry of Energy and Public Authority of Industry in Kuwait. The Group benefits from the lower costs of utilities in the Middle East which to date have generally been significantly lower than the cost of utilities in other regions of the world.

Energy is supplied to the Group's manufacturing sites in Canada by Dow from its Alberta facilities under long-term services contracts with Dow. See further "*Related Party Transactions*". Water for the Group's Fort Saskatchewan manufacturing site in Canada is supplied by Dow under services contracts, while water for the Prentiss manufacturing site is sourced from rivers which are located close to the site.

Energy is market sourced for the Group's manufacturing site in the United States. Water for the Group's manufacturing site in the United States is supplied by Dow under service contracts. See further "*Related Party Transactions*".

### *Sales, marketing and customers*

All products manufactured by the Group's Ethylene Glycol business line are marketed and sold through EQUATE's subsidiary MEGlobal B.V. For the year ended 31 December 2019, the Group marketed and supplied approximately 3.65MMT of ethylene glycol. The Group markets and sells the vast majority of the products manufactured by its Ethylene Glycol business line directly to end-users in key regional markets such as China, the Indian Subcontinent, the Middle East, Europe and the Americas without the use of third party distributors. The Group has regional business centres located in Hong Kong, Shanghai, Dubai, Amsterdam and Houston to facilitate the sales and maintain customer relationships. The Group markets and sells limited amount of its products through third party agents or distributors in Pakistan, China and North America.

In addition to marketing and selling the ethylene glycol manufactured by it, the Group also actively participates in the ethylene glycol spot market to demonstrate its market leadership. The Group intends to maintain its market-leading position by providing excellent customer service through reliability of supply, leveraging its multi-source supply capability and efficient logistics operations. In addition, the Group adopted an "over-commitment" strategy whereby it committed to produce, as a contractual obligation, approximately 19 per cent. over its annual production volume of ethylene glycol. This helps support the Group's market leading position and secured ready demand for the additional ethylene glycol production capacity originating from the completion of the U.S. Gulf Coast plant in the fourth quarter of 2019. As a result, the Group has already concluded all the 2020 contracts including the additional U.S. production volumes. The Group supports this strategy by having in-house trading capabilities and a multi-sourcing platform which sources additional ethylene glycol from Dow and from third parties on the spot market, and through reliable and efficient supply and logistics operations.

Monoethylene glycol, which accounts for 92 per cent. of the Group's ethylene glycol sales, is largely a commodity product leaving little scope for differentiation by quality among the major producers. Accordingly, the Group strives to differentiate itself from its competitors through excellent customer service by having multiple regional business centres to facilitate sales and maintain customer relationships, and also through reliability of supply through its multi-sourcing platform. The Group also actively manages its customer portfolio (see "*Business Strategy – Selective customer portfolio management*"). As a result of its strategy, the Group has a number of long-standing supply relationships with its customers. Sales to the Group's top twenty customers accounted for approximately two-thirds of its total monoethylene glycol sales, and sales to its top 10 customers accounted for over 50 per cent. of its total monoethylene glycol sales, for the year ended 31 December 2019. The vast majority of ethylene glycol are sold under annual contracts.

The Group mainly markets and sells monoethylene glycol to the polyester fibre industry, the packaging industry (where ethylene glycol is used as a raw material for the manufacture of polyethylene terephthalate food and beverage packaging containers) and the automotive industry (where ethylene glycol serves as a raw material for the manufacture of automotive liquids and antifreeze). The Group mainly markets and sells diethylene glycol to the construction industry (where diethylene glycol serves as a raw material for the manufacture of unsaturated polyester resins, polyester polyol and cutting fluid).



Set forth below is a breakdown by geography of the sales of the Group's Ethylene Glycol business line for the years ended 31 December 2019, 2018 and 2017:

	For the year ended					
	2019	% of Total	2018	% of Total	2017	% of Total
<b>Ethylene Glycol revenue by geography</b>	<i>U.S.\$ million, except %</i>					
Americas .....	337	16.6	659	20.4	577	20.5
North Asia.....	894	44.1	1,545	47.8	1,134	40.3
India sub-continental.....	347	17.1	468	14.5	493	17.5
Europe.....	297	14.7	342	10.6	374	13.3
Rest of the World.....	150	7.4	216	6.7	235	8.4
<b>External revenue .....</b>	<b>2,025</b>	<b>100.0</b>	<b>3,230</b>	<b>100.0</b>	<b>2,813</b>	<b>100.0</b>

### Competition

The Group is the world's second largest producer of ethylene glycol by capacity for the year ended 31 December 2019, with a market share of 9 per cent. according to IHS Markit (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"). The Group mainly markets and sells ethylene glycol to the polyester fibre industry, the automotive industry, the packaging industry and the construction industry. Set forth below is a table outlining for the year ended 31 December 2019 the 2019 market share of monoethylene glycol for the Group and for its principal competitors, according to IHS Markit.

Company	Market share
	<i>(per cent.)</i>
SABIC and its joint ventures.....	14
The Group .....	9
SINOPEC and its joint ventures.....	7
Royal Dutch/Shell and its joint ventures.....	7

Source: IHS Markit.

### Technology and intellectual property

As the Group's major shareholder Dow is one of the world's leading developer and proprietor of chemicals production technology, the Group believes the most cost-effective way to acquire technology applicable to the Group's business is to license Dow's world-class technologies. This enables the Group to leverage its relationship with Dow and eliminates the need for research expenditure. After acquiring a technology, the Group devotes considerable effort to further develop and effectively apply the technology with a view to continuously improve its competitive position.

The Group has licensed from Union Carbide Corporation, a wholly-owned subsidiary of Dow, ethylene glycol processes (including its METOR-II ethylene glycol process for TKOC's operations and plant's operations) for the Group's ethylene glycol manufacturing facilities in Kuwait.

The Group has licensed from Union Carbide Chemicals and Plastics Company Inc., an indirect wholly-owned subsidiary of Dow, process technologies for the production of monoethylene glycol and diethylene glycol at the Group's manufacturing facilities located in Prentiss I, Alberta, Canada and purified ethylene oxide, monoethylene glycol and diethylene glycol at the its manufacturing facility located in Fort Saskatchewan, Alberta, Canada. The Group has also licensed from Union Carbide Chemicals and Plastics Company Inc. process technologies for the production of monoethylene glycol, diethylene glycol and higher glycols at the Group's manufacturing facility located in Prentiss II, Alberta, Canada.

The licences held by the Group's Ethylene Glycol business line are for an indefinite term and are all fully paid-up.

## Polyethylene Business Line

### Overview

The Group's Polyethylene business line produces polyethylene. According to IHS Markit, for the year ended 31 December 2019, the Group's market share by capacity was approximately 1 per cent. in the global high-density polyethylene resin market and approximately 1 per cent. in the global linear low-density polyethylene resin market.

Polyethylene is the world's most versatile and widely used plastic and is the single largest category of thermoplastics in the world, representing approximately 37 per cent. of the 282MMT global thermoplastic market in 2019 according to IHS Markit. It is relatively low cost, and because it is capable of being moulded, extruded and cast into many various shapes, it is a versatile polymer used in a wide range of moulding and extruding applications such as household and food containers, toys, food and non-food packaging film and sheet.

The Group manufactures high-density and linear low-density grades of polyethylene at its manufacturing facility in Kuwait, which has an annual production capacity of 1,000KTA. For the year ended 31 December 2019 the Group manufactured 716KMT of polyethylene.

EQUATE Marketing Company E.C. ("**EMC**"), an affiliate of the Group which is jointly owned by Dow and PIC, is the Group's exclusive sales agent for the marketing and sales of polyethylene produced by the its Kuwait operations, styrene produced by TKSC and benzene produced by KPPC and not consumed by TKSC, on a worldwide basis. It has established marketing channels directly through its own offices as well as through other agencies. It has three sales offices in Asia (Hong Kong, Singapore, and Beijing) in addition to an office in Kuwait. EMC's main commercial activities are carried out using Kuwait as an operational base (see "*Related Party Transactions – Marketing and Sales Agreements*").

For the year ended 31 December 2019 the Group's Polyethylene business line generated U.S.\$736 million in sales, representing 22 per cent. of the Group's total sales.

### Products

The Group's Polyethylene business line produces high-density and linear low-density grades of polyethylene. For the year ended 31 December 2019, the Group produced 716KMT of polyethylene, of which approximately 60 per cent. was high-density polyethylene and approximately 40 per cent. was linear low-density polyethylene.

The following table describes the principal applications of the products manufactured by the Group's Polyethylene business line:

<b>Product</b>	<b>Applications</b>
High-density polyethylene	Used for tubular film extrusion, blow moulding of large size containers as well as small to medium size bottles. Used as raw material in the manufacturing of high strength grocery sacks, shopping and produce bags, high quality thin films for multiwall sack liners, replacement of thin paper products, closed head shipping containers, packaging for household, industrial chemicals (including detergents, fabric softeners), toiletries, cosmetics and food products, extruding sheets and profiles including corrugated drainage pipes.
Linear low-density polyethylene	Used as a raw material in thin gauge liner films, garment bags and other industrial and consumer packaging applications requiring toughness and puncture resistance, industrial liners, blown film stretch wrap, heavy-duty films, general-purpose blown films for a variety of application.

### Facilities

The Group owns one polyethylene production facility in Kuwait. The following table sets forth the production volumes by product for such manufacturing facility for the periods indicated:

Producer	Business line	Products <sup>(1)</sup>	Place of production	Nameplate capacity	Production Volume		
					For the year ended 31 December		
					2019	2018	2017
EQUATE.....	PE	HDPE (59%) LLDPE (41%)	Shuaiba Industrial Area, Kuwait	1,000KTA	716KMT	778KMT	727KMT

<sup>(1)</sup> The product percentage split is based on approximate production volume numbers for the year ended 31 December 2019.

### **Raw materials and energy**

#### *Feedstock*

The most significant direct cost associated with the production of polyethylene is feedstock. Feedstock accounted for approximately 81 per cent. of the Group's variable cost of polyethylene production for the year ended 31 December 2019.

The Group's Polyethylene business line uses the same feedstock supplied by PIC as the Group's ethylene glycol manufacturing facilities in Kuwait. See further "*Ethylene Glycol business line – Raw Materials and Energy – Feedstock*". As a result of long-term supply agreements in place, the Group's Polyethylene business line has reliable long-term access to feedstock at a cost which the Group believes, according to its internal research and market reports, is highly competitive. See further "*Competitive Strengths – Low cost feedstock under long-term feedstock supply agreements*". The Group takes into account factors including product prices, net margin and contractual commitments when it determines the allocation of ethylene as feedstock between its Ethylene Glycol business line and its Polyethylene business line production.

#### *Energy and water*

As with the Kuwaiti manufacturing facilities in the Group's Ethylene Glycol business line, energy and water is supplied to the Group's polyethylene manufacturing facility by the Ministry of Energy and Public Authority of Industry. Accordingly, the Group benefits from the competitive rates of utilities in the Middle East which to date have been generally lower than the cost of utilities in other regions of the world.

### **Sales, marketing and customers**

EMC is the Group's exclusive sales agent for the marketing and sales of polyethylene produced by EQUATE, on a worldwide basis pursuant to a polyethylene marketing agreement dated 28 May 1996 between the parties. See further "*Related Party Transactions*". EMC also has marketing agreements for styrene produced by TKSC and benzene produced by KPPC. The top 20 customers for the Group's polyethylene production represent 56 per cent. of polyethylene sales.

EMC is an affiliate of EQUATE and each of Dow and PIC has an indirect shareholding of 50.1 per cent. and 49.9 per cent. respectively in EMC. EMC was incorporated in the Kingdom of Bahrain in 1996 for the purpose of marketing EQUATE's petrochemicals products. Since the establishment of MEGlobal in 2004 for the distribution of the Group's ethylene glycol, EMC has only been responsible for the marketing of the Group's polyethylene production. EMC has established marketing presence directly through its own offices as well as through other channels, with the majority of its sales carried out directly with its customers. It has three sales offices in Asia (Hong Kong, Singapore, and Beijing) in addition to an office in Kuwait. EMC's main commercial activities are carried out using Kuwait as an operational base.

EMC is responsible for establishing commitments with customers for sales of polyethylene, providing technical service to these customers, settling customer claims within guidelines and authorisation limits set by EQUATE. In return for its services, EQUATE reimburses all the actual expenses incurred by EMC.

The Group's polyethylene resins are stored in Kuwait and transported to customers in Jordan and the GCC region by truck, using overland routes. The polyethylene resins sold to the Asian, European, Turkish, North African and Indian Subcontinent regions are shipped from the Shuaiba port in Kuwait, which is adjacent to the Group's polyethylene manufacturing facility.

Although polyethylene is for the most part a commodity product, there is scope to differentiate on the basis of the quality of the product. Accordingly, the Group seeks to target growing and profitable end-use

applications by providing differentiated product and value offering, and through active management of its customer portfolio (see "– Business Strategy – Selective customer portfolio management"). The Group mainly sells polyethylene to customers in the flexible and food packaging, industrial packaging, agricultural packaging medical and hygiene and household and industrial chemical application industries across widespread geographies. Set forth below is a breakdown of the Group's polyethylene sales by geography for the years ended 31 December 2019, 2018 and 2017:

	For the year ended 31 December					
	2019	% of Total	2018	% of Total	2017	% of Total
<i>U.S.\$ million, except %</i>						
<b>Polyethylene Revenue by geography</b>						
Americas .....	-	-	-	-	-	-
North Asia.....	338	45.9	407	44.2	374	43.7
India sub-continental.....	36	4.9	62	6.7	62	7.3
Europe.....	83	11.3	104	11.3	89	10.4
Rest of the World.....	279	37.9	348	37.8	330	38.6
<b>External revenue .....</b>	<b>736</b>	<b>100.0</b>	<b>921</b>	<b>100.0</b>	<b>855</b>	<b>100.0</b>

The terms of the Group's sales vary between regions. The Group has standard form contracts in place for approximately 60 per cent. of its customers. In more mature markets such as Europe, the Group typically has contracts of one to two years duration which include mutually agreed pricing mechanisms. In other regions such as the MENA region and the Indian Subcontinent, the Group has standard form contracts in place with the customers in those regions where prices are negotiated on either a monthly or yearly basis linked to industry benchmarks. The Group does not have any customers in its Polyethylene business line who constitute more than 5 per cent. of its annual polyethylene production.

### Competition

For the year ended 31 December 2019, the Group had approximately 1 per cent. of the global market share by capacity for high-density polyethylene and approximately 1 per cent. of the global market share by capacity for linear low-density polyethylene, according to IHS Markit.

The Group's principal competitors in the global polyethylene industry are ExxonMobil and other Middle Eastern polyethylene suppliers with a similar geographic footprint and which also have access to competitively-priced feedstock including Saudi Arabia Basic Industries Corporation (SABIC), Rabigh Refining and Petrochemical Company (Petro Rabigh), National Industrialisation (Tasnee), Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (Muntajat) and Abu Dhabi Polymers Company LLC (Borouge).

Set forth below is a table outlining for high-density polyethylene the market share and the volume manufactured of the Group's principal competitors for the year ended 31 December 2019:

Company	Market share	Volume
	(per cent.)	(KMT)
SABIC.....	7	3800
ExxonMobil .....	4	2500
Borouge.....	3	1600
<b>EQUATE</b> .....	1	600
Petro Rabigh.....	0.5	300

Source: IHS Markit. The market share of Tasnee and Muntajat were not reported.

Set forth below is a table outlining for linear low-density polyethylene the market share and the volume manufactured by the Group's principal competitors for the year ended 31 December 2019:

Company	Market Share	Volume
	<i>(per cent.)</i>	<i>(KMT)</i>
ExxonMobil .....	15	6600
SABIC Europe .....	7	3200
Borouge .....	2	700
Petro Rabigh .....	1.5	600
<b>EQUATE</b> .....	1	400

Source: IHS Markit.

### ***Technology and intellectual property***

The Group has licensed Union Carbide Corporation's Unipol® polyethylene technology for the manufacturing of polyethylene in Kuwait by EQUATE. The license is for an indefinite term and is fully paid-up.

### **Polyethylene Terephthalate Business Line**

#### ***Overview***

The Group's Polyethylene Terephthalate business line produces, markets, sells and distributes polyethylene terephthalate products which it operates through EQUATE's subsidiary Equipolymers GmbH. The Group primarily sells polyethylene terephthalate products to Europe with limited sales to the Middle East through a direct sales force located in Germany, France and Italy. According to the Group's internal analysis using industry data (see "*Presentation of Financial and Other Information – Historical and Current Market and Industry Data*"), for the year ended 31 December 2019, the Group was one of the 20 largest global polyethylene terephthalate manufacturers by capacity and, as at 31 December 2019, was the fifth largest European manufacturer of polyethylene terephthalate by capacity with a 10 per cent. market share in the European polyethylene terephthalate market.

Polyethylene terephthalate is used by the packaging industry primarily for the production of bottles due to its transparency, light weight and sturdiness. Bottles manufactured from polyethylene terephthalate are tasteless and therefore satisfy the strict regulatory standards for food and drink packaging. Polyethylene terephthalate is the most widely recycled plastic in the world; around 30 per cent. of polyethylene terephthalate globally is collected and recycled, primarily in the fibre sector but also in part in the bottle recycling industry.

The Group manufactures polyethylene terephthalate at its facility in Schkopau, Germany which has two production lines with an annual combined production capacity of 335KTA. For the year ended 31 December 2019, the Group manufactured and sold 314KMT of polyethylene terephthalate.

The Group is a leader in sustainable packaging solutions due to its proprietary chemical recycling process by which a certain portion of recycled polyethylene terephthalate is used as a feedstock in the manufacturing of polyethylene terephthalate marketed under the Group's VIRIDIS™ brand. The Group believes it is the preferred supplier of polyethylene terephthalate to global consumer brand owners that focus on sustainable packaging solutions. The technology used to manufacture products marketed under the Group's VIRIDIS™ brand is patented and owned by it and this technology is less energy intensive than the polyethylene terephthalate production technology used by its competitors.

The Group primarily markets and sells its polyethylene terephthalate products directly to customers in Europe through a direct sales force located in Germany, France and Italy. In addition, the Group sells less than 10 per cent. of its polyethylene terephthalate products through third party agents.

For the year ended 31 December 2019, the Group's Polyethylene Terephthalate business line generated U.S.\$354 million in sales, representing 11 per cent. of the Group's total sales.

#### ***Products***

All the polyethylene terephthalate grades produced by the Group's Polyethylene Terephthalate business line are approved by major global brand owners in the mineral water, carbonated soft drink and detergent sector.

The Group's Polyethylene Terephthalate business line produces the following range of products which are sold and marketed under the trademark LIGHTER™:

- **LIGHTER C PET COPOLYMERS.** These are polyethylene terephthalate polymers produced from purified terephthalic acid and ethylene glycol. While these polymers have been specifically designed for the production of beverage, food and other liquid containers, they are also suitable for the production of extruded films and sheets and thermoforming applications. The Group sells various grades of this product with different intrinsic viscosity;
- **LIGHTER S PET COPOLYMERS.** These are polyethylene terephthalate polymers produced from purified terephthalic acid and ethylene glycol. Compared to the corresponding LIGHTER C PET COPOLYMERS, they provide enhanced infrared heating rates, thus improving the operation of the stretch blow moulding process, either increasing the maximum output or reducing the reheat energy. While these polymers have been specifically designed for the production of beverage, food and other liquid containers, they are also suitable for the production of extruded films and sheets and thermoforming applications. The Group sells various grades of this product with different intrinsic viscosity; and
- **LIGHTER VIRIDIS PET COPOLYMERS.** These are similar to LIGHTER S PET COPOLYMERS in composition, apart from the fact that they have been manufactured using the Equipolymers' proprietary chemical recycling process that allows the incorporation of up to 10 per cent. recycled polyethylene terephthalate coming from post-consumer containers. LIGHTER VIRIDIS PET COPOLYMERS provide the same characteristics and performance of the corresponding LIGHTER S PET COPOLYMERS grade, including the benefit of enhanced infrared heating rates. The Group sells various grades of this product with different intrinsic viscosity.

In addition to the above, the Group has developed the two following new grades of polyethylene terephthalate in response to market needs:

- **BISNEINEX™.** This is a polyester polymer modified for improved performance in thick-walled preform applications. This is designed as polycarbonate replacement to be used in large containers. BISNEINEX™ is particularly suitable for injection moulding of thick-wall preforms and for the production of large volume containers under over one litre; and
- **ANTAREX™.** This is a polyester polymer modified for improved performance in high pressure applications. ANTAREX™ provides good mechanical properties and a wide processing range on injection moulding machines. ANTAREX™ is particularly suitable for the production of pressurised containers (including aerosol containers) that require increased mechanical strength and improved crack resistance.

### Facilities

The Group owns two polyethylene terephthalate plants located at a single manufacturing facility in Schkopau, Germany. The following table sets forth the production volumes for the Group's polyethylene terephthalate production facility for the period indicated:

Producer	Business line	Place of production	Nameplate capacity	Production Volume		
				For the year ended 31 December		
				2019	2018	2017
Equipolymers (a subsidiary of MEGlobal B.V.)	PET	Schkopau, Germany	335KTA	314KMT	331KMT	322KMT

The Group subcontracts the operations of its polyethylene terephthalate manufacturing facility to Dow under a manufacturing service agreement.

### ***Raw material and energy***

The Group's Polyethylene Terephthalate business line uses two key raw materials for the production of polyethylene terephthalate: monoethylene glycol which accounts for approximately 30 per cent. of the input volume and purified terephthalic acid which accounts for approximately 70 per cent. of the input volume.

The most significant direct cost is purified terephthalic acid. The Group purchases purified terephthalic acid from major purified terephthalic acid producers in Europe and in the Far East under annual contracts.

Monoethylene glycol is the second most significant component of the Group's cost of polyethylene terephthalate production. The Group's Polyethylene Terephthalate business line receives all of its monoethylene glycol from the MEGlobal Group.

Utilities are supplied to the Group's production facility in Germany by Dow pursuant to a Manufacturing Service Agreement between Dow and Equipolymers. Utilities account for less than 10 per cent. of the Group's variable cost of polyethylene terephthalate sales.

### ***Sales, marketing and customers***

The Group's Polyethylene Terephthalate business line directly markets and sells polyethylene terephthalate products to customers without using third party distributors. The Group mainly markets and sells its polyethylene terephthalate products to global consumer brand owners in the carbonated soft drink, mineral water and detergent sectors. For the year ended 31 December 2019, the Group's top 10 customers accounted for 73 per cent. of total polyethylene terephthalate sales, and its top five customers accounted for 56 per cent. of total polyethylene terephthalate sales.

The Group largely sells polyethylene terephthalate products in bulk and transports its products overland using transportation contracts that Dow, the operator of the Group's polyethylene terephthalate production facility under a Manufacturing Service Agreement, has with the main European carriers.

For the year ended 31 December 2019, over 60 per cent. of the Group's polyethylene terephthalate sales was sold under contracts which are typically of one to two years duration with pricing either freely negotiated, cost-plus or market referenced (such as to PCI or ICIS public quotes). Product pricing under sales contracts can therefore change on a monthly basis. The remaining polyethylene terephthalate sales volume was sold to the spot market with monthly negotiation on pricing.

The Group sold approximately 99 per cent. of its polyethylene terephthalate products to Europe (with limited sales to the Middle East) through a direct sales force located in Germany, France and the Netherlands for the year ended 31 December 2019.

The Group primarily focuses on marketing its polyethylene terephthalate products to customers located in regions near its production facility in Schkopau, Germany to reduce transportation costs. The Group is well positioned to access its key customers in Europe due to the location of its polyethylene terephthalate production facility in Central Europe. The Group also actively manages its customer portfolio (see "*Business Strategy – Selective customer portfolio management*").

### ***Competition***

According to the Group's internal analysis using industry data, for the year ended 31 December 2019 the Group was one of the 20 largest global polyethylene terephthalate manufacturers by capacity and as at 31 December 2019, was the fifth largest European manufacturer of polyethylene terephthalate by capacity with a 10 per cent. market share in the European polyethylene terephthalate market.

The Group's main competitors are Indorama, Neo Group and JBF, each of which has production facilities in Europe. According to the Group's internal analysis using industry data, as at 31 December 2019, these competitors held 33 per cent. (Indorama), 14 per cent. (Neo Group) and 12 per cent. (JBF) of the European polyethylene terephthalate market as measured by capacity. The Group also faces competition from non-European manufacturers from South Korea, Indonesia, India and Turkey exporting to Europe. Non-European manufacturers held 25 per cent. of the market share in the European polyethylene terephthalate market for the year ended 31 December 2019 according to market data published by the European Community's Eurostat. These non-European manufacturers impact the European polyethylene terephthalate

market by limiting the ability of European manufacturers to increase margin due to high capacity surplus in the regions of these non-European manufacturers.

### ***Technology and intellectual property***

The Group has licensed from Dow processes, patents and other know-how for the production of polyethylene terephthalate at the Group's manufacturing facility in Schkopau, Germany. The license is fully paid up.

The Group owns a proprietary chemical recycling process that allows the incorporation of up to 10 per cent. recycled polyethylene terephthalate in the manufacture of new polyethylene terephthalate. This recycled polyethylene terephthalate can be sourced from post-consumer containers. Compared to the mechanical recycling process which is standard practice in the industry, the Group's chemical recycling process allows it to produce recycled polyethylene terephthalate with better uniformity and consistency, and with less contaminants, than the recycled polyethylene terephthalate produced by its competitors.

The Group also has a research and development department and a laboratory at its manufacturing facility in Germany. The Group's laboratory performs specific analysis for customers of its Polyethylene Terephthalate business line and validates other research and development findings. In addition to serving in-house customers, the Group also provide the services of its laboratory in the open market as part of its sales offering. The Group is the only external laboratory in Europe to be certified by the Coca Cola Company.

### ***Sustainability***

The Group continues to be committed to sustainability throughout all aspects of its business. The Group approaches sustainability holistically in that it considers the ways in which its operations impact the environment, economy and the community. In 2016, the EQUATE Sustainability Strategy 2025 was developed by the EQUATE sustainability committee after conducting a comprehensive assessment that included Stakeholder interviews, functional sustainability maturity assessment as per the sustainability maturity model, conducting environment, social and governance (ESG) risk analysis with research on key megatrends and conducting regional and global peer analysis to identify sustainability practice benchmarks. The EQUATE Sustainability Strategy 2025 is comprised of 16 strategic initiatives aligned with EQUATE's corporate strategy and linked with the United Nations Sustainable Development Goals as well as the Kuwait National Development Plan. EQUATE plans to fully integrate these initiatives by 2025.

The Group believes local communities are an essential partner in promoting the long-term success of both the Group's sustainability initiatives and its economic performance overall. In accordance with this belief, the Group invests in these communities through engagement with environmental, economic, educational, health and safety and inclusive work place focused initiatives and outreach. In addition to minimising adverse impacts on the environment by promoting resource conservation at every stage of the lifecycle of the Groups products as well as reducing waste and emissions, the Group invests in human capital by providing workshops and industrial training for school and university students, establishing and maintaining strict codes to ensure a safe work environment and through partnerships with local academic institutions to support educational programs.

### **Environment, Health and Safety**

#### ***Overview***

The Group's facilities and operations are subject to a wide range of EH&S laws and regulations in all of the jurisdictions in which it operates. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, operation and closure of landfills, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of the Group's operations require permits and controls to monitor or prevent pollution. The Group has incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future EH&S laws, regulations and permits or the more stringent enforcement of such requirements.

Violations of EH&S requirements may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, clean-up costs, claims for personal injury, health or property damages, requirements



to install additional pollution control equipment, or restrictions on, or the suspension of, the Group's operating permits or activities.

Other EH&S laws and regulations may impose product or raw material use, import or sale restrictions on the Group or on its customers. For example, it is possible that certain of the Group's products or by-products or the raw materials it uses may, in the future, be classified as hazardous or harmful, which could impact the Group's production or demand for its products and, in turn, could materially and adversely affect its business and/or results of operations.

As at the date of this Base Listing Particulars, the Group's operations are currently in material compliance with all EH&S laws, regulations and permits. The Group actively addresses compliance issues in connection with its operations and properties and believes that it has systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on it. Nevertheless, estimates of future environmental costs and liabilities are inherently imprecise, and the imposition of unanticipated costs or obligations could have a material adverse effect on the Group's business, financial condition or results of operations in any period in which those costs are incurred.

### ***Air emissions and climate change regulations and initiatives***

#### ***EU Emissions Trading Scheme***

The Group's operations in Europe are covered by the EU ETS, an EU-wide trading system for industrial GHG emissions. Industrial sites receive or purchase allowances to emit GHGs and must surrender one allowance for each tonne of carbon dioxide emitted. Companies which emit less GHGs than their allowances cover are able to sell the excess allowances, whereas those which emit more must buy additional allowances through the EU ETS. The EU ETS is in its third phase of implementation, which requires a 20 per cent. reduction in GHG emissions by 2020 and a 30 per cent. reduction if an international agreement is reached under which other developed countries commit to comparable efforts.

#### ***Specified Gas Emitters Regulation, Canada***

Alberta is covered by the Specified Gas Emitters Regulation (the "**SGER**"), which came into effect on 1 July 2007. The SGER requires facilities which emit 100,000 tons or more of carbon dioxide equivalent GHGs per year to reduce their emissions intensity. The Group's Canadian manufacturing facilities are regulated facilities under the SGER. Regulated facilities which are not able to meet their reduction obligations through improvements to their technology or other direct methods can do so by: (i) purchasing or using emissions performance credits; (ii) contributing to the climate change and emissions management fund at a price of CA\$15 per MT of carbon dioxide equivalent GHG; or (iii) purchasing Alberta-based offset credits.

Regulated facilities which are able to reduce their emissions intensity more than they are required to do so can generate additional emissions performance credits, which can be used to offset emissions in future years or sold to other regulated facilities.

### ***Regulations on chemical products and other hazardous substance***

#### ***Promulgating the Environment Protection Law***

In 2014, the National Assembly of Kuwait approved the enactment of the EPL.

Under the EPL, a wide number of activities which may have adverse impacts on the environment are regulated or prohibited, and these activities have been broadly categorised into categories, including: managing specific chemical substances; managing hazardous, medical and solid municipal waste and sludge; preventing pollution to land and agricultural environments; preventing pollution which may be harmful air quality, such as GHGs; and preventing pollution to water and coastal environments, including from vessels and land sources. The penalties for violating the EPL may include fines, compensation for any damage caused and, for more severe violations, imprisonment.

The EPL also establishes:

- the Environment Supreme Council, which is in charge of drafting environmental protection policies and various administrative tasks;

- the Environment Police, a specialised martial unit tasked with the enforcement of environmental laws and regulations; and
- the Environment Protection Fund, which will fund projects aimed to protect the environment, rehabilitate damaged sites and support environmental education and research.

The EPL is framework legislation and does not aim to address every aspect relating to environmental protection. Instead, it delegates to the Environmental Public Authority the power to issue executive by-laws and subsequent standards to implement the objectives of the EPL.

*EU Registration, Evaluation, and Authorisation of Chemicals Regulation and the Classification and Labelling and Packaging Regulation*

The EU regulates chemical products within the EU by imposing on all affected industries the responsibility for ensuring and demonstrating the safe manufacture, use and disposal of chemicals. The REACH Regulation, which came into effect in 2007, requires the registration of all chemicals manufactured and imported into the EU (either alone, in mixtures or in articles) with the new European Chemicals Agency ("ECHA"). The regulation requires formal documentation of the relevant data required for hazard assessments for each substance registered as well as development of risk assessments for their registered uses. Most uses of high hazard substances, such as carcinogens, will require authorisation by the ECHA. REACH requires extensive toxicological data, documentation and risk assessments for many of the Group's chemical products and raw materials. As a corollary to the REACH Regulation, the EU has recently adopted the CLP Regulation to harmonise the EU's system of classifying, labelling and packaging chemical substances with the United Nation's Globally Harmonised System. The regulation is expected to standardise communication of hazard information of chemicals and to promote regulatory efficiency. It introduces new classification criteria, hazard symbols and labelling phrases, while taking account of elements that are part of the current EU legislation.

*Canadian Environmental Protection Act, 1999*

The Canadian Environmental Protection Act, 1999 has a wide scope of powers in relation to protection of the environment, including: setting out processes to assess risks to the environment and human health posed by substances used commercially; providing tools to manage toxic substances, other pollution and wastes and imposing timeframes on managing these substances; and ensuring the most harmful substances are phased out or not released into the environment in any measurable quantity.

*The Prohibition of Certain Toxic Substances Regulations, 2012, Canada*

The Prohibition of Certain Toxic Substances Regulations, 2012 (the "PCTSR") are regulations in force in Canada which prohibit the manufacture, use, sale, offer for sale or import of certain toxic substances, and products containing these substances, and also impose reporting and record-keeping obligations on any person dealing with these substances. The PCTSR specifies and prohibits the use of certain chemicals in Canada. The Group's operations in Canada do not use any of the prohibited chemicals.

*The U.S. Federal Clean Air Act*

The CAA, as well as related state and local laws and regulations governing air pollution, establish requirements relating to the emission of air pollutants and require new and modified sources of air emissions to obtain permits prior to commencing construction. Major sources of air pollutants are subject to more stringent, federally imposed requirements designed to control hazardous (toxic) air pollutants and can require installation of additional controls.

*The U.S. Resource Conservation and Recovery Act*

RCRA and comparable U.S. state and local requirements regulate the management, transportation, recycling and disposal of hazardous and certain non-hazardous wastes. These laws impose recordkeeping and reporting requirements as well as restrictions on and standards for storage, transportation and disposal of waste and can require facilities to obtain permits for their waste management activities.

### *The U.S. Comprehensive Environmental Response, Compensation, and Liability Act*

CERCLA, also known as Superfund, and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. In the ordinary course of the Group's operations, the Group's facility generates waste, some of which falls within the statutory definition of a hazardous substance. If such wastes are disposed of at a site that in the future requires clean-up under Superfund, the Group could be named as a potentially responsible party along with other parties who disposed of waste at the site.

### *The Federal Water Pollution Control Act, or the Clean Water Act*

The CWA, and comparable state and local laws, regulate the discharge of pollutants into the water via direct discharge or discharge through publicly-owned treatment works, and require pre-treatment permits and National Pollutant Discharge Elimination System ("NPDES") permits issued by federal, state and local governmental agencies. The CWA also regulates filling or discharges to wetlands and other waters of the United States.

### *Prevention of major accidents and process safety*

Risks are inherent in the chemical and petrochemical businesses, particularly risks associated with safety, health and the environment, and each of the Group's facilities actively assesses and manages such risks as required by law. Within the EU and the United Kingdom, an EU directive on the control of major accident hazards (the "**Seveso II Directive**"), regulates facilities that present a risk of accidents involving dangerous substances and imposes specific plans and procedures on them, particularly for the storage of such substances. The Seveso II Directive provides for control measures aimed at preventing and limiting the consequences of major accidents. All of the Group's major production sites are in the top tier of regulation under the Seveso II Directive due to the quantity of dangerous substances stored at them. As such, the Group must establish a major accident prevention policy, safety reporting system, safety management system and emergency plan compliant with the requirements of the Seveso II Directive.

In Canada, all of the Group's manufacturing facilities are subject to the Province of Alberta's Occupational Health and Safety Act, Occupational Health and Safety Regulation and Occupational Health and Safety Code (together the "**Alberta OH&S Law**"). The Alberta OH&S Law contains a broad number of rules and restrictions in order to minimise the occurrence of workplace accidents. These restrictions include limiting exposure to chemical and biological hazards, protection from motor equipment and vehicles and emergency response procedures.

### *Environmental remediation and closure liabilities*

Many of the Group's sites have an extended history of industrial chemical processing, storage and related activities. The Group may be required from time to time to investigate and remediate releases of hazardous materials or contamination at or migrating from certain of these sites, as well as properties it formerly owned, leased or operated. The Group could also be responsible for investigating and cleaning up contamination at off-site locations where its predecessors were once based or it disposed of or arranged for the disposal or treatment of hazardous wastes. Under some environmental laws, liability can be imposed regardless of whether the owner or operator knew of or caused the contamination and regardless of whether the practices that resulted in the contamination were legal at the time they occurred. In connection with contaminated properties, as well as the its operations generally, the Group also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by its operations, facilities or products.

As set out in the operating license for its facilities located in Alberta, Canada, the Group is required to survey soil and groundwater conditions surrounding the facilities and submit the results of these surveys to Alberta Environment and Parks. If an event which could adversely affect the soil and groundwater conditions were to occur, the Group would be required to submit a separate report to Alberta Environment and Parks detailing its suggested proposals to mitigate the effects of the event. The Group is not currently aware of any material claims or clean-up obligations in relation to any of its sites. The discovery of previously unknown contamination, however, or the imposition of new obligations to investigate or remediate contamination at the Group's facilities, could result in substantial unanticipated costs. The Group

could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if it fails to accurately predict the amount or timing of such costs, the related impact on its business, financial condition or results of operations in any period in which those costs need to be incurred could be material.

### ***The Group's commitment***

The Group is strongly committed to excellent EH&S performance. The Group participates in the Responsible Care® programme, a global chemical industry initiative, which establishes international standards for environmental, occupational health and safety practices for chemical manufacturers. In 2011, EQUATE became the first company in Kuwait to earn the Responsible Care® 14001 certification. Through its participation in this programme, the Group adopted the policies and procedures that require it to follow detailed instructions in matters of health, safety and the environment.

In 2003, the Group adopted a management implementation plan to ensure the safety of its employees. As part of the plan, the Group sets annual safety-related departmental goals and objectives, and establishes site-based EH&S committees and teams to ensure it achieves its goal for zero EH&S recordable incidents relating to personal injury, process safety and environmental incidents. Branching out of this are departmental level focus teams as well as safety officers for various facilities. With its preventative care initiatives and the employees' EH&S training, the Group has achieved an average incident rate of 0.06 for the last five years (2015 through 2019) with an outstanding performance of 0.00 in 2018. The Group has had no fatalities at any of its facilities since the inception of EQUATE.

The Group also has in place a production stewardship program which offers material safety data sheets, product-specific safety training, storage and handling guidelines, regulatory information (where appropriate) and advice on clean-up procedures and accidental spill.

The Group has provided its customers with material safety data sheets to help customers understand the Group's products' risk profile, including their potential health effects, hazards and environmental impact. The Group uses external laboratories for the certification of its products to meet the requirements of EU regulations such as REACH. See further "*Regulations on Chemical Products and Other Hazardous Substance*".

In 2015, the Group adopted a smart water initiative for its operations in Kuwait with the aim to reduce its water footprint. As part of the programme, the Group established two seawater-cooling towers to recycle water onsite in its Kuwait facilities.

### ***Quality management***

The Group employs international systems of environmental and quality management, and follows RC 14001 (a Responsible Care® management system certified by the International Council of Chemical Associations), ISO 14001 (an internationally recognised environmental control standard) and ISO 9001:2008 (an internationally recognised quality control standard). The Group also conducts internal environmental audits on a regular basis and undergoes annual external environmental audits as part of its compliance with RC 140001 and ISO 140014 certifications.

### **Employees**

As at 31 December 2019 the Group had approximately 1,600 employees (measured as full-time equivalents) in its operations around the world.

Some of the Group's employees in Kuwait are members of a trade union. In Kuwait, trade union members are restricted to Kuwaiti nationals and around 500 of the Group's employees are represented by this union. Collective bargaining is a regular negotiation process between the trade union, EQUATE's human resources department and EQUATE's management. Historically, the Group has enjoyed good labour relations and is committed to maintaining these relationships.

The Group's manufacturing facilities in Germany are staffed by employees of Dow who operate the Group's facilities in accordance with its Operations, Maintenance and Services Agreements with Dow. These employees are represented by local trade unions and are covered by collective bargaining agreements.

### ***Employee benefit plans***

The Group has various employee benefit and pension plans in accordance with the law, conditions and practices in the countries in which the relevant Group company operates.

The Group companies in Kuwait provide end-of-service gratuities to employees on completion of employment in accordance with Kuwaiti labour law.

The Group company in Canada operates a non-contributory defined benefit plan (the "**Defined Benefit Plan**") for its employees. The Defined Benefit Plan became effective on 1 July 2004 and replaced the former pension plans in place at the time. The Defined Benefit Plan was closed to new entrants on 31 December 2011 when a new defined contribution plan was introduced for employees hired on or after 1 January 2012.

MEGlobal Canada also provides certain health and welfare benefits to retired employees. These benefits, which are supplemental to provincial health care plans, cover eligible employees who are over the age of 50 and who have completed a minimum of 10 years of credited active service. MEGlobal Canada and the retiree share the costs of these benefits.

A number of the wholly-owned subsidiaries of MEGlobal B.V. also have employee benefit and defined contribution plans in place. Employees in MEGlobal Americas Inc. and MEGlobal Europe GmbH participate in MEGlobal B.V. Group sponsored health, welfare and pension programmes. Employees in MEGlobal Asia Limited also participate in MEGlobal B.V. Group sponsored health and welfare programmes, while participating in Dow Chemical Pacific Limited's sponsored pension plans. Employees in MEGlobal International FZE participate in Dow Export GmbH's sponsored health and welfare programmes, with the exception of life insurance which is in the name of the MEGlobal B.V. Group. Employees in MEGlobal Trading Group Ltd participate in Dow China sponsored health, welfare and pension programmes and employees in Equipolymers SrL participate in legally mandatory and Dow Italy sponsored health, welfare and pension programmes.

The Group operates a defined contribution plan in the United States.

### **Insurance**

The Group carries an all-risk insurance policy for its assets, as well as policies for public, products and pollution liability, general and excess liability, directors' and officers' liability, workers' compensation, employee life and medical insurance, automobile liability and marine cargo insurance. The Group believes its policies are in accordance with customary industry practices, including deductibles and coverage amounts.

### **Proceedings**

The Group is subject to an on-going anti-dumping investigation in India, which is an administrative proceeding that could result in the imposition of anti-dumping measures, which generally take the form of additional duties, on imports of MEG from Kuwait. Anti-dumping measures are intended to remedy the injurious effects of imports sold at dumped prices. They are not a penalty or a fine. Because of the political nature of the on-going proceeding, it is very difficult at this early stage of the investigation to predict its outcome. The Group does not expect to be liable to pay any payments at the end of the investigation. Should anti-dumping measures be imposed, MEG the Group produces which is imported into India would be subject to additional duties. The commercial impact is dependent on whether a preliminary tariff is actually levied prior or after the final determination, the amount of the of tariff levied, and finally the duration.

## DESCRIPTION OF THE TRUSTEE

### General

The Trustee was incorporated in the DIFC on 13 October 2016 as a special purpose company under the Companies Law, DIFC Law No. 3 of 2006 and the Special Purpose Company Regulations, with registered number 2286, and subsequently converted to a prescribed company under the Companies Law, DIFC Law No. 5 of 2018 and the Prescribed Company Regulations 2019 on 30 October 2019.

### Registered Office

The Trustee's registered office is c/o Maples Fund Services (Middle East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates, and its telephone number is +971 4511 4200.

### Business of the Trustee

The primary purpose of the Trustee is to issue the Certificates and to undertake any ancillary activities. The Trustee, as the date of this Base Listing Particulars, has not engaged in any activities and does not have any substantial assets or liabilities, save in each case for those in connection with Certificates issued under the Programme and pursuant to the Transaction Documents.

### Administration

Maples Fund Services (Middle East) Limited acts as the corporate service provider of the Trustee (in such capacity, the "**Corporate Service Provider**"). The office of the Corporate Service Provider serves as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement dated 22 November 2016 entered into between the Trustee and the Corporate Service Provider (the "**Corporate Services Agreement**"), the Corporate Service Provider has agreed to perform in the UAE and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Corporate Service Provider have also entered into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Corporate Service Provider will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and Registered Office Agreement provide that either the Trustee or the Corporate Service Provider may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least one month's notice in writing to the other party with a copy to the DIFC Registrar of Companies. Furthermore, the Corporate Service Provider has the right to terminate such agreements in the event that there is a change in the shareholding of the Trustee or the Trustee has breached, or is unable to satisfy, any of its obligations under the Certificates or the relevant Transaction Documents to which it is a party. The Corporate Service Provider will be subject to the overview of the Trustee's Board of Directors. The Corporate Service Provider's principal office is Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates. The directors of the Trustee are employees and/or officers of the Corporate Service Provider. The Trustee has no employees and is not expected to have any employees in the future.

### Directors

The directors of the Trustee are:

<u>Name</u>	<u>Principal Occupation</u>
Sedef Kufrevi .....	Vice President of Maples Fund Services (Middle East) Limited
Norbert Neijzen .....	Regional Head of Fiduciary, Middle East of Maples Fund Services (Middle East) Limited

No director of the Trustee has any actual or potential conflicts of interest between the director's private interests and the director's duties to the Trustee.

The directors of the Trustee do not hold any direct, indirect, beneficial or economic interest in any of the shares of the Trustee.

As a matter of DIFC law, each director of the Trustee is under a duty to act honestly and in good faith with a view to the best interests of the Trustee, regardless of any other interests the director may have.

The business address of the directors of the Trustee is c/o Maples Fund Services (Middle East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, P.O. Box 506734, United Arab Emirates.

**Secretary**

Maples Fund Services (Middle East) Limited – see address above.

**Share Capital**

The Trustee has an authorised share capital of U.S.\$100 consisting of 100 shares of U.S.\$1 nominal value each, of which all 100 shares have been issued and fully paid up as at the date of this Base Listing Particulars. All of the issued shares are held by EQUATE.

## DESCRIPTION OF EQUATE

### Overview

EQUATE was established on 20 November 1995 as a closed joint stock company organised under Law No. 15 of 1960 concerning the Commercial Companies Law (as amended) of Kuwait (the "**Commercial Companies Law of Kuwait**"). The Commercial Companies Law has since been replaced by Law No. 1 of 2016 on the Promulgation of the Companies Law (the "**Companies Law of Kuwait**"), which came into effect on 1 February 2016. EQUATE is registered with the Ministry of Commerce and Industry in Kuwait under registration number 63392. EQUATE's registered office is EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait and its telephone number is +965 189 8888.

EQUATE was established to promote the petrochemicals sector in Kuwait and it was Kuwait's first international petrochemicals joint venture. It is the first manufacturer of ethylene, polyethylene and ethylene glycol in Kuwait and commenced commercial operations in 1997. Initially, EQUATE's facilities comprised of one ethane cracker with a design capability of 787.5 KTA, one polyethylene facility with a design capability of 450 KTA and one ethylene glycol plant with a design capability of 400 KTA of monoethylene glycol. In 2009, the capacity of the polyethylene plant was increased to 825 KTA. In August 2016, EQUATE completed a de-bottlenecking process in respect of its polyethylene plant, which increased the capacity of its polyethylene plant to 1,000 KTA. In 2015, EQUATE acquired the MEGlobal Group and began producing ethylene glycol at the Canadian plant at Fort Saskatchewan. In 2019, EQUATE further expanded its production capacity with the opening of its ethylene glycol plant in the U.S. Gulf Coast which has a capacity of 750 KTA. EQUATE also operates a polyethylene terephthalate production facility located in Schkopau, Germany with a production capacity of 335 KTA.

In addition to owning and operating the ethylene glycol and polyethylene production facilities described above, EQUATE also operates and manages a polypropylene plant owned by PIC located in the Shuaiba Industrial Area and the Greater EQUATE project, which comprises TKOC, KPPC and TKSC. See further "*Business – The Group's History*". EQUATE receives a management fee under separate operating and maintenance agreements for its role as operator of the Greater EQUATE project. For a description of these agreements, see "*Related Party Transactions*".

In accordance with its articles of association, the objects of EQUATE are to engage in the manufacturing of all kinds of petrochemical products and other products affiliated therefrom, to sell, buy, trade, export, import all such products and to engage in any other activities relating thereto including construction and leasing of the necessary services.

### Board of Directors

EQUATE's board of directors (the "**EQUATE Board**") is responsible for the management of its business. It is composed of 10 members that meet at least six times a year as required by Kuwaiti law. The EQUATE Board has a duty under Kuwaiti law to act in the best interests of EQUATE and decisions relating to EQUATE are made by the EQUATE Board. Moreover, EQUATE has in place a Code of Business Conduct.

The current board members were elected or re-elected by EQUATE's shareholders during the annual shareholders' meeting held on 5 February 2020, and EQUATE does not have alternate members.

The following table lists the current members of the EQUATE Board:

<u>Name</u>	<u>Position</u>
Sulaiman Al-Marzouqi .....	EQUATE Board Chairman
Raja Zeidan .....	EQUATE Board Vice Chairman
Dabbous Al-Dabbous .....	EQUATE Board Member
Sheikh Mubarak Al-Sabah .....	EQUATE Board Member
Luciano Poli .....	EQUATE Board Member
Luis Antuna .....	EQUATE Board Member
Nadia Al-Hajji .....	EQUATE Board Member
Ghadeir Al-Qadfan .....	EQUATE Board Member
Dr. Salman Alajmi .....	EQUATE Board Member
Jack Broodo .....	EQUATE Board Member



The business address where each member of the EQUATE Board can be contacted is EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait.

As at the date of this Base Listing Particulars, there are no actual conflicts of interest between the private interests or other duties of the directors listed above although potential conflicts of interest may arise in the future between the private interests or other duties of the directors listed above and their duties to EQUATE.

The following is a summary of the business experience of the members of the EQUATE Board:

**Suliman Al-Marzouqi** is the Chairman of the Board of Directors. He is the Executive Vice President of Manufacturing at Kuwait Petroleum International (KPI) where he also oversees operations at NSRP Refinery and Petrochemical, Duqm Refinery and Petrochemical, and Milazzo Refinery. With over 30 years of experience in the oil and gas industry, Al-Marzouqi previously held roles at Kuwait National Petroleum Company ("**KNPC**") and Petrochemical Industries Company (PIC) in downstream oil and gas, refining and petrochemical, planning, quality assurance, project management and supply chain. Mr. Al-Marzouqi holds a Bachelor's degree in Electrical Engineering from the Northern Arizona University, United States.

**Raja Zeidan** is the former Vice President Middle East Corporate Development at Dow Europe. He also serves on the boards of EMC, TKOC, TKSC, MEGlobal and Equipolymers, all of which are joint ventures involving Dow and PIC. Mr. Zeidan was instrumental in developing Dow's overall hydrocarbon business in Canada, Switzerland and the United Kingdom. Mr. Zeidan joined Dow in 1982 and held various sales and marketing positions in the Middle East organisation and worked in Kuwait, the Kingdom of Saudi Arabia, the United Arab Emirates and Dow's Middle East/Africa headquarter in Geneva before he joined the hydrocarbons department. Mr. Zeidan has a Master's degree in Chemical Engineering from the University of Manchester in the United Kingdom.

**Dabbous Al-Dabbous** is the Board Chairman of BPC, which has an indirect 9 per cent. stake in EQUATE.

**Sheikh Mubarak Al-Sabah** is the Vice Chairman of Action Group Holdings. He is also the Board Chairman of QPIC, an indirect 6 per cent. shareholder in EQUATE.

**Luciano Poli** is the chief financial officer of Europe, Middle East, Africa & India Division and Global Joint Venture's Finance Leader at Dow. He also serves on the boards of a number of international companies.

**Luis Antuna** is the Group General Counsel for Dow's Europe, Middle East, Africa & India Division in addition to being a board member of EQUATE. He also serves on the boards of a number of international companies.

**Nadia Al-Hajji** is the Deputy Chief Executive Officer (CEO) for olefins and aromatics at the PIC. She serves as Chairman of Kuwait Vietnam Petrochemicals Company in addition to being a Board member of KNPC, EQUATE Marketing Company and TKOC. She previously served as a director on the Board of PIC and EQUATE Marketing Company. Ms. Al-Hajji also heads the downstream K-companies R&T Committee and the R&T Technical Committee for the downstream K-Companies. She is a member of the Higher Steering Committee for the R&T and R&D of K-companies. Before joining PIC, she was Deputy CEO of petrochemicals and LNGI at the Kuwait Integrated Petroleum Industries Company (KIPIC). Ms. Al-Hajji holds a B.E. in Chemical Engineering from Kuwait University.

**Ghadeir Al-Qadfan** is the Deputy Managing Director of International Marketing Operations at KPC and serves on the board of Kuwait Oil Tanker Company (KOTC). She joined KPC in 1992 and led the management of short-term supply chain activities including upstream crude and gas production and distribution, downstream refining and product exports and inland distribution. She also led the development of the marketing mid-term, five-year and 2040 plans, and was the head of the Value Chain Optimisations division. Ms. Al-Qadfan holds a B. Sc. in Engineering (Chemical Engineering) from Kuwait University.

**Dr. Salman Alajmi** has Dr. Alajmi held a number of roles at PIC, throughout a career spanning nearly 20 years, in planning, projects and business analysis for fertilisers, glycols, olefins and aromatics in PIC's JVs, such as EQUATE. He has a bachelor's degree in Mechanical Engineering from University of Toledo, an MBA from Maastricht School of Business, and a PhD in Business Administration from Brunel Business School in London.

**Jack Broodo** is Dow's Business President for Feedstocks, Energy and Commodity Risk Management. His over 38 year career in Dow has been primarily in operating and commercially managing Dow's Feedstocks Exposure and Olefins businesses globally. Mr. Broodo previously served as President for Dow Chemical Canada and Vice President of Investor Relations for Dow, in addition to serving on numerous boards in both business and the public sector. He has a Bachelor's degree in Chemical Engineering from the University of Texas in Austin, completed graduate programs at University of Houston as well as International Corporate Director designation from post graduate work in Canada.

### Senior Management

The following table lists the current senior management of EQUATE:

Name	Position
Dr. Ramesh Ramachandran.....	President and Chief Executive Officer
Naser Al Dousari.....	Senior Vice President
Nawaf Al-Khaledi.....	Vice President Technical Services
Gonzalo Beltran.....	Vice President of Operations
Dawood Al-Abduljalil.....	Chief Financial Officer

The business address where each member of the senior management of EQUATE can be contacted is EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait.

As at the date of this Base Listing Particulars, there are no actual conflicts of interest between the private interests or other duties of the members of senior management listed above although potential conflicts of interest may arise in the future between the private interests or other duties of the members of senior management listed above and their duties to EQUATE.

The following is a summary of the business experience of the senior management of EQUATE:

**Dr. Ramesh Ramachandran** was appointed as EQUATE President & CEO in November 2017. With a career of over 25 years in several leading roles at Dow, Dr. Ramachandran has served as the President and CEO of Dow Chemical International Pvt. Ltd. (Dow India), the President of Dow Canada, the Head of the Strategic Planning Group at Dow and President of MEGlobal, among other prominent positions. Dr. Ramachandran earned his doctorate in Surface and Colloid Chemistry from Columbia University, New York and holds a Master of Business Administration from Rutgers University, New Jersey. Dr. Ramachandran has received multiple awards in recognition of his business contributions and holds several patents and publications to his credit.

**Naser Al Dousari** was appointed as EQUATE Senior Vice President in November 2017. With a career spanning over 20 years, Mr. Al Dousari held a number of roles at PIC in operations, corporate business processes, quality & environmental management, joint ventures, olefins business development, as well as business analysis & planning. Mr. Al Dousari also served as the COO & Director of Corporate Strategy at MEGlobal. Mr. Al Dousari holds a bachelor's degree in Chemical Engineering, in addition to an MBA in General & Strategic Management.

**Nawaf Al-Khaledi** was appointed as EQUATE Vice President for Technical Services in October 2018. With over 22 years of experience, Mr. Al-Khaledi's career includes a number of roles at PIC and EQUATE with competencies in manufacturing, EH&S, IT, procurement, shared services, talent development and others. Having joined EQUATE in 1996, he served in various leadership positions including director for the ethylene units and production leader for polyethylene. Mr. Al-Khaledi holds a bachelor's degree in Chemical Engineering from Kuwait University.

**Gonzalo Beltran** was appointed EQUATE Vice President of Operations in July 2019. Prior to EQUATE, Mr. Beltran was Vice President of Dow Chemical Canada ULC and Site Operations Director for Dow's Alberta sites located at Fort Saskatchewan and Prentiss. He has over 35 years' experience, having first joined Dow in 1984 where he held various technical and leadership positions. In 2009, he served as Ras Tanura Operations Leader in Houston, before becoming Chemicals Envelope Director for SADARA Chemical Company in the Kingdom of Saudi Arabia in 2012. Mr. Beltran has a bachelor of science (BS) in Chemical Engineering from Universidad Pontificia Bolivariana, Colombia and a master's degree in business (MBA) from Universidad EAFIT, Colombia.

**Dawood Al-Abduljalil** was appointed as EQUATE CFO in March 2018. With a professional career spanning over 32 years, Mr. Al-Abduljalil held a number of leading roles at Kuwait's Ministry of Finance including Senior Financial Controller and Manager of Financial Control. Before joining EQUATE, he served as Quality Assurance Manager at the Kuwait Foreign Petroleum Exploration Company (KUFPEC), with responsibilities that included quality assurance and EH&S, along with being a board member in KUFPEC's subsidiaries outside Kuwait. Mr. Al-Abduljalil has a bachelor's degree in Accounting from Kuwait University.

### Compensation of Directors and Senior Management

For the year ended 31 December 2019, the aggregate compensation of EQUATE's senior management and directors was approximately U.S.\$3.0 million.

### Board Practices

The Group's board meets on a regular basis to review performance and the Group's business plans. In addition, the board has established policies for the conduct of the Group's business, including delegations of board authority to directors and members of senior management. The board has appointed committees to ensure appropriate oversight of the Group's companies' operations. None of the members of the board of directors has a service contract that provides for benefits upon his termination as a director.

### Board Committees

EQUATE has an audit committee and a finance committee. The members of the audit committee are Naser Al Dousari acting as chairman, Luciano Poli, Dabbous Al-Dabbous and Sheikh Mubarak Al-Sabah. The internal auditor of EQUATE, currently Areef Shah, is also an *ad hoc* member of this audit committee. The members of the finance committee are Luciano Poli acting as chairman, Naser Al Dousari, Sheikh Mubarak Al-Sabah and Dabbous Al-Dabbous. The CFO of EQUATE, currently Dawood Al-Abduljalil, is also an *ad hoc* member of this finance committee.

The audit committee meets at least twice a year. The committee is responsible for overseeing the integrity of EQUATE's financial statements, appointing auditors and reviewing the suitability and effectiveness of internal control systems and annual review of EQUATE's internal audit department.

The finance committee meets at least four times a year. The committee is responsible for reviewing EQUATE's financial policies and objectives, short and long-term growth initiatives, material funding requirements, financing strategies, major capital projects and financial risk mitigations.

### Principal Shareholders

As at 31 December 2019, the issued share capital of EQUATE consisted of 2,046,387,132 ordinary shares. This does not include 113,612,869 shares held as treasury shares by EQUATE. The following table sets forth EQUATE's shareholders as at 31 December 2019:

	<b>Number of ordinary shares</b>	<b>Percentage of EQUATE share capital</b>
Dow Europe Holding B.V. ....	869,714,531	42.5 per cent.
Petrochemical Industries Company K.S.C.C.....	869,714,531	42.5 per cent.
Boubyan Petrochemical Company K.S.C .....	184,174,842	9 per cent.
Al-Qurain Petrochemical Industries Company K.S.C.....	122,783,228	6 per cent.

A short description of each of EQUATE's shareholder is set forth below:

Dow, which is the parents company of Dow Europe Holding B.V., is incorporated in Delaware, United States and is a diversified chemical company with businesses in commodity chemicals, basic plastics, specialty chemicals, specialty plastics and agriculture and speciality materials. Dow manufactures more than 6,000 products from 179 sites in 35 countries across the globe and is one of the largest producers of chemicals and plastics in the United States, with global sales of approximately U.S.\$49 billion in 2015. Dow is an "S&P 500" company and is rated BBB (Standard and Poor's)/Baa2 (Moody's)/BBB (Fitch Ratings Ltd.).

PIC is a wholly-owned subsidiary of Kuwait Petroleum Corporation, which is in turn wholly-owned by the Government. PIC is a Kuwaiti shareholding company established by Emiri decree in 1963. PIC is involved in the production and marketing of petrochemical products and also has interests in entities engaged in similar businesses.

BPC is a public shareholding company incorporated in Kuwait with its head office located in Kuwait City. It was established in February 1995 with a capitalisation of KWD 30 million (U.S.\$98 million, based on the KWD to U.S. dollar exchange rate quoted by Bloomberg on 27 February 2020, being KWD 1 = U.S.\$3.2639) through a public offering. BPC was set up mainly as a vehicle to enable the private sector to invest in the Kuwait petrochemicals sector though BPC's 9 per cent. equity stake in EQUATE. As at 31 March 2016, BPC's total assets are in excess of KWD 403 million (U.S.\$1.3 billion, based on the KWD to U.S. dollar exchange rate set out above) with a market capitalisation of KWD 257 million (U.S.\$839 million, based on the KWD to U.S. dollar exchange rate set out above).

QPIC is a public shareholding company, registered in Kuwait in 2004, formed with the aim of investing in EQUATE and other petrochemical companies. PIC is the principal founding shareholder of QPIC and retains a 10 per cent. ownership interest in QPIC. The remaining 90 per cent. interest in QPIC was successfully offered to public investors through Kuwait's largest ever initial public offering in November 2004. QPIC is focused on investing directly and indirectly in companies producing, trading and storing chemical and petrochemical products and related by-products. Headquartered in Kuwait, QPIC is engaged in several projects including EQUATE, Olefins II, Aromatics and Styrene in Kuwait.

### **Joint Venture Agreement**

On 15 July 1995, PIC and Union Carbide Corporation ("**UCC**") entered into a joint venture agreement (the "**EQUATE JV Agreement**") to govern their relationship as majority shareholders in EQUATE and to agree that EQUATE shall enter into certain feedstock supply agreements and services agreements with UCC, PIC or their affiliates.

When Dow purchased UCC in 2001, it replaced UCC under the EQUATE JV Agreement. Under the EQUATE JV Agreement, each of Dow and PIC have pre-emption rights in the event the other party wishes to dispose of its shares in EQUATE.

The EQUATE Board consists of 10 members to be appointed by the company's shareholders. PIC has the right to appoint four members of the EQUATE Board, including the right to nominate one of its appointed members as chairman. Dow has the right to appoint four members of the EQUATE Board, including the right to nominate one of its appointed members as vice-chairman. BPC and QPIC each have the right to appoint a single member of the EQUATE Board.

To ensure that shareholder control over EQUATE is not abused, EQUATE complies with the Companies Law of Kuwait. In addition, EQUATE acts in accordance with established policies for the conduct of the Group's business, including delegations of board authority to directors and members of senior management. The EQUATE Board has also appointed committees to ensure appropriate oversight of the Group's companies' operations. Furthermore, in accordance with the Group's internal policies, related party transactions must be approved by the relevant board of directors. Where a shareholder has a conflict of interest in respect of such matter, its representative(s) on the board of directors are excluded from voting pursuant to the Companies Law of Kuwait.

## DESCRIPTION OF TKOC

### Overview

TKOC was established on 10 October 2004 as a closed joint stock company organised under the Commercial Companies Law of Kuwait. The Commercial Companies Law of Kuwait has since been replaced by the Companies Law of Kuwait, which came into effect on 1 February 2016. TKOC is registered with the Ministry of Commerce and Industry in Kuwait under registration number 103722. TKOC's registered office is EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait and its telephone number is +965 1898888. TKOC was established to implement the "Olefins II" project which was a joint venture between Dow and PIC. The "Olefins II" project was an addition to EQUATE's olefins complex and comprised an ethane cracker with a production capacity of 850KTA and an ethylene glycol plant with a production capacity of 650KTA both of which are owned by TKOC. Pursuant to an operations, maintenance and services agreement dated 2 December 2004 between EQUATE and TKOC (the "**TKOC OMSA**"), EQUATE manages the Olefins II complex on behalf of TKOC and provides corporate services to TKOC for which EQUATE receives a management fee. See further "*Related Party Transactions*".

In accordance with its articles of association, the objects of TKOC are:

- to manufacture all petrochemicals and derivatives thereof; and
- to sell, buy, distribute, supply and import such materials as well as participate in all relevant activities including the creation and letting of the necessary services.

### Board of Directors

TKOC's board of directors (the "**TKOC Board**") is responsible for the management of TKOC's business. It is composed of 10 members that meet at least six times a year as required by Kuwait law. The TKOC Board has a duty under Kuwaiti law to act in the best interests of TKOC and decisions relating to TKOC are made by the TKOC Board. Moreover, as TKOC is managed by EQUATE under the TKOC OMSA, TKOC is subject to the same Code of Business Conduct as EQUATE.

The current members of the TKOC Board were elected or re-elected by TKOC's shareholders during the annual shareholders' meeting held on 5 February 2020, and TKOC does not have alternate members.

The following table lists the current members of the TKOC Board:

<b>Name</b>	<b>Position</b>
Sulaiman Al-Marzouqi.....	TKOC Board Chairman
Raja Zeidan .....	TKOC Board Vice Chairman
Nadia AlHajji .....	TKOC Board Member
Dr.Salman Alajmi.....	TKOC Board Member
Luis Antuna.....	TKOC Board Member
Luciano Poli .....	TKOC Board Member
Ghadeir Al-Qadfan .....	TKOC Board Member
Dabbous Al-Dabbous .....	TKOC Board Member
Jack Broodo.....	TKOC Board Member
Muhaiman Al-Behbehani .....	TKOC Board Member

The business address where each member of the TKOC Board can be contacted is EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait.

As at the date of this Base Listing Particulars, there are no actual conflicts of interest between the private interests or other duties of the directors listed above although potential conflicts of interest may arise in the future between the private interests or other duties of the directors listed above and their duties to TKOC.

The following is a summary of the business experience of the members of the TKOC Board:

**Muhaiman Al-Behbehani** was appointed as a director of TKOC in February 2013. Mr. Al-Behbehani is also the Vice Chairman and CEO of United Oils Projects Company. Prior to joining United Oils Projects Company in 2006, Mr. Al-Behbehani held several positions in Kuwait National Petroleum Company. Mr. Al-Behbehani holds a Bachelor's degree in Mechanical Engineering from the University of Toledo, Ohio in the United States.

For a summary of the business experience of the remaining members of the TKOC Board, see "*Description of EQUATE – Board of Directors*".

### Senior Management

The following table lists the current members of the senior management of TKOC:

<u>Name</u>	<u>Position</u>
Dr. Ramesh Ramachandran.....	President and Chief Executive Officer
Dawood Al-Abduljalil.....	Chief Financial Officer

The business address where each member of the senior management of TKOC can be contacted is EQUATE Building (Plot No. 900011), Block 12, Central Ahmadi, P.O. Box 100 – Ahmadi, PACI No. 20795699, Kuwait 61001, State of Kuwait.

As at the date of this Base Listing Particulars, there are no actual conflicts of interest between the private interests or other duties of the members of senior management listed above although potential conflicts of interest may arise in the future between the private interests or other duties of the members of senior management listed above and their duties to TKOC.

**Dr. Ramesh Ramachandran** was appointed as TKOC's CEO on 20 November 2017.

**Dawood Al-Abduljalil** was appointed as TKOC's CFO on 1 March 2018.

For a summary of the business experience of the senior management of TKOC, see "*Description of EQUATE – Senior Management*".

### Compensation of Directors

For the year ended 31 December 2019, the aggregate compensation of TKOC's directors was U.S.\$79,000.

### Board Practices

The TKOC Board meets on a regular basis to review performance and its business plans. In addition, the TKOC Board has established policies for the conduct of TKOC's business, including delegations of board authority to directors and members of senior management. The TKOC Board has appointed committees to ensure appropriate oversight of TKOC's operations. None of the members of the TKOC Board has a service contract that provides for benefits upon his termination as a director.

### Board Committees

From 1 January 2013, the audit committee and the finance committee of EQUATE also acts as the audit committee and the finance committee of TKOC, with each committee having the same respective authority and responsibilities in relation to both companies. For a description of the audit committee and the finance committee, see "*Description of EQUATE – Board Committees*".

## Principal Shareholders

As at 31 December 2019, the issued share capital of TKOC consisted of 1,060 million ordinary shares. The following table sets forth TKOC's shareholders as at 31 December 2019:

	<b>Number of ordinary shares</b>	<b>Percentage of TKOC share capital</b>
Dow Europe Holding B.V. ....	450,500,000	42.5 per cent.
Petrochemical Industries Company K.S.C.C.....	450,500,000	42.5 per cent.
Boubyan Petrochemical Company K.S.C .....	95,400,000	9 per cent.
Al-Qurain Petrochemical Industries Company K.S.C.....	63,600,000	6 per cent.

As TKOC has the same shareholders as EQUATE, see "*Description of EQUATE – Principal Shareholders*" for a description of each of TKOC's shareholders.

## Shareholders' Agreement

On 9 November 2004, Dow and PIC entered into a shareholders' agreement (the "**TKOC Shareholders' Agreement**") to govern their relationship as the majority shareholders in TKOC and to agree that TKOC shall enter into certain feedstock supply agreements and services agreements with Dow, PIC or their affiliates.

The TKOC Shareholders' Agreement is for an indefinite term and will terminate automatically upon either Dow or PIC no longer holding any share in TKOC, or if TKOC is wound up. Under this agreement, each of Dow and PIC have pre-emption rights in the event the other party wishes to dispose of its shares in TKOC.

The TKOC Board consists of 10 members to be appointed by the company's shareholders. PIC has the right to appoint four members of the TKOC Board, including the right to nominate one of its appointed members as chairman. Dow has the right to appoint four members of the TKOC Board, including the right to nominate one of its appointed members as vice-chairman. BPC and QPIC each have the right to appoint a single member of the TKOC Board.

To ensure that shareholder control over TKOC is not abused, TKOC complies with the Companies Law of Kuwait. In addition, TKOC acts in accordance with established policies for the conduct of its business, including delegations of board authority to directors and members of senior management. The TKOC Board has also appointed committees to ensure appropriate oversight of its operations. Furthermore, in accordance with the Group's internal policies, related party transactions must be approved by the relevant board of directors. Where a shareholder has a conflict of interest in respect of such matter, its representative(s) on the board of directors are excluded from voting pursuant to the Companies Law of Kuwait.

## RELATED PARTY TRANSACTIONS

The Group enters into transactions with their principal shareholders and their affiliates from time to time and in the ordinary course of their business on terms no less favourable to the Group than agreements which would otherwise be entered into with third parties. In accordance with the Group's internal policies, related party transactions must be approved by the relevant board of directors. Where a shareholder has a conflict of interest in respect of such matter, its representative(s) on the board of directors are excluded from voting pursuant to the Companies Law of Kuwait.

Set forth below is a summary of the material agreements that the Group has entered into with its principal shareholders and their affiliates. See note 9 (*Related Party Transactions*) of the notes to the 2019 Combined Financial Statements, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*"), for further details of the significant related party transactions and their respective balances.

### Feedstock Supply Agreements

On 1 June 1996, PIC entered into a Feedstock Supply Agreement with EQUATE which sets out the terms upon which PIC will supply feed gas and fuel gas to EQUATE's facilities in Kuwait, which was subsequently amended on 2 December 2004 by the parties. This agreement is for an indefinite term and subject to termination by mutual consent of the parties.

On 2 December 2004, PIC entered into a Feedstock Supply Agreement with TKOC which sets out the terms upon which PIC will supply feed gas and fuel gas to TKOC's facilities in Kuwait. This agreement is for an indefinite term and subject to termination by mutual consent of the parties.

On 30 June 2004, Dow Chemical Canada Inc., a wholly-owned subsidiary of Dow, entered into an Ethylene Supply Agreement with MEGlobal Canada setting forth the terms upon which Dow Chemical Canada Inc. supplies to MEGlobal Canada. This agreement is for a term of 20 years, with two potential five-year extensions at the sole option of the Group. This agreement is subject to termination by: (i) mutual consent of the parties; and (ii) by the non-defaulting party in the case of non-payment or breach of a material obligation by the other party which is unremedied within the applicable grace period.

On 2 December 2004, EQUATE entered into an Ethylene Supply Agreement with TKOC. Under the terms of the agreement, the price per MT of ethylene is paid to TKOC based on the quantities delivered by EQUATE at the contract price. This agreement is for an indefinite term and subject to termination by mutual consent of the parties.

On 2 December 2004, TKOC entered into an Ethylene supply agreement with EQUATE and TKSC. Under the terms of the agreement, the price per metric tonne of ethylene is paid by TKSC based on the quantity delivered to them at the contract price.

On 23 December 2015, MEGlobal Americas, Inc. entered into an Ethylene Supply Agreement with Dow which sets out the terms upon which Dow would supply ethylene feed gas to the ethylene glycol plant in the U.S. Gulf Coast that the Group was in the process of constructing. This evergreen agreement is linked to a fixed per cent. output of the new Dow cracker in Freeport. The ethylene is priced at the cost of production of Dow, with the feedstock price to be equivalent to published Mt. Belvieu ethane. The quantity of ethylene is sufficient to run the plant at capacity, with options to secure more ethylene if the EG plant is able to produce more than the nameplate capacity.

The MEGlobal Group's feedstock supply contracts and licensing agreements with Dow remained in place following the completion of the acquisition of MEGlobal Group by the EQUATE Group. On 21 December 2015, Dow and PIC entered into an omnibus amendment and waiver agreement (the "**Omnibus Agreement**") with a number of parties, including MEGlobal Canada and MEGlobal B.V., to provide for the continuation of various agreements which would have otherwise terminated as a result of the sale of the MEGlobal Group to the EQUATE Group due to change in control restrictions in those agreements. The Omnibus Agreement also included a number of waivers by parties who, as a result of the sale of the MEGlobal Group, would have been granted the right to terminate certain contracts or agreements with companies within the MEGlobal Group.



## **OMSAs and MUSAs**

On 2 December 2004, EQUATE entered into a number of Operations, Maintenance and Services Agreements (the "**OMSAs**") with each of TKOC, TKSC, KARO and PIC. Under the terms of the OMSAs, EQUATE provides operating, maintenance and other services to each of the above entities, for which EQUATE receives a fixed management fee over and above the actual operating cost. These agreements are for an indefinite term and were subsequently amended on 8 February 2006 to substitute KARO with KPPC, which is a wholly-owned subsidiary of KARO.

During 2005, services agreements were entered into between Dow Europe Holding B.V., PIC, EQUATE, TKOC, TKSC, and KARO for the provision of various services to the Olefins II projects.

On 2 December 2004, EQUATE entered into a number of Materials and Utility Supply Agreements (the "**MUSAs**") with each of TKOC, TKSC, KARO and PIC. The MUSA between EQUATE and KARO was subsequently amended on 8 February 2006 to substitute KARO with KPPC. Under the terms of the MUSAs, each of TKOC, KPPC and TKSC have paid EQUATE up-front a reservation fee for the usage of common utilities and infrastructure facilities under the Olefins II project to the extent of construction cost incurred by EQUATE based on agreed proportional use of such common facilities.

## **Licensing Agreements**

In 1995, Union Carbide Corporation ("**UCC**") (which has since become a subsidiary of Dow) entered into an Ethylene Glycol License Agreement and a Unipol<sup>®</sup> Polyethylene Technology Agreement with EQUATE to supply EQUATE with certain of UCC's technology and licenses relating to the manufacture of ethylene glycol and polyethylene. These agreements are for an indefinite term.

In 2004, Union Carbide Chemicals and Plastics Technology Corporation ("**UCCPTC**"), a subsidiary of Dow, entered into an Ethylene Glycol License Agreement with TKOC to supply TKOC with certain of UCCPTC's technology and licenses relating to the manufacture of ethylene glycol. This agreement is for an indefinite term.

In 2004, MEGlobal Canada and Dow entered into an Ethylene Oxide/Ethylene Glycol License Agreement, which granted MEGlobal Canada a non-exclusive right and license to use certain of Dow's processes to manufacture products including ethylene oxide, monoethylene glycol and diethylene glycol in two manufacturing facilities located in Alberta, Canada. MEGlobal Canada is also permitted under this agreement to sell certain of the manufactured products worldwide and use Dow's proprietary methods in the management and operation of MEGlobal Canada's business and facilities.

## **Marketing and Sales Agreements**

EMC, which is owned by PIC and UCC, is the exclusive sales agent in certain territories for the marketing of polyethylene and styrene produced by EQUATE and TKSC respectively. EQUATE reimburses all the actual expenses incurred by EMC.

## **Finance Agreements**

Under the cash management services provided by MEG B.V, the EQUATE Group entities and TKOC have an overnight cash sweeping facility with MEG B.V. Under this arrangement, the EQUATE Group and TKOC sweep selected bank accounts with MEG B.V. This allows the subsidiaries and TKOC either to invest or borrow funds on an overnight basis. Under the terms of the agreement, the subsidiaries and TKOC can borrow or deposit with MEG B.V at an interest rate of LIBOR plus a positive spread set by the Management. The spread is determined by taking into consideration of economic factors such as the creditworthiness of the counterpart and characteristics of the debt financing arrangement. These are indefinite credit arrangements of which the interest is accrued monthly and subject to termination by either party.

## OVERVIEW OF KUWAIT

Unless indicated otherwise, information in this section has been derived from Kuwaiti government publications.

### Overview

Kuwait is located in the north-east of the Arabian Peninsula in Western Asia. It is bordered by the Kingdom of Saudi Arabia to the south at Khafji and Iraq to the north at Basra. To the east, Kuwait has approximately 499 kilometres of coastline on the Arabian Gulf.

Kuwait covers an area of approximately 17,818 square kilometres, which is divided into six Governorates (Al-Ahmadi, Al-'Asimah (the capital), Al-Farwaniyah, Al-Jahra', Hawalli and Mubarak Al-Kabir). Each Governorate is headed by a governor, a representative of the Emir, who is supported by a council. Governors are usually members of the ruling family or close allies. Membership of the Governorate councils is by appointment. Each Governorate is divided into districts or areas and each district is headed by a mayor or chief (Mukhtar) who reports to the Ministry of Interior. The capital and administrative centre of Kuwait is Kuwait City, where the Government and most of the other state institutions are located. The official language in Kuwait is Arabic, but the use of English is widespread, especially in business transactions.

Kuwait's economy benefits from some of the largest oil reserves in the world as well as very low relative oil production costs. According to OPEC's 2019 Annual Statistical Bulletin (the "**OPEC 2019 Bulletin**"), Kuwait has the fifth largest oil reserves in the world estimated at around 101.5 billion barrels (accounting for 6.8 per cent. of the world's total oil reserves). According to the OPEC 2019 Bulletin, Kuwait was the world's eighth largest oil producer and sixth largest exporter for the year ended 31 December 2018, accounting for 3.6 per cent. of the world's total oil production and 4.5 per cent. of the world's total oil exports for the year ended 31 December 2018. According to the same source, Kuwait's production levels were 2.7 million bpd on average for the year ended 31 December 2018. As a founding member of OPEC, Kuwait's oil production is subject to any agreements that are reached to limit oil production.

### Population

The latest official Kuwait census for which data has been published was conducted in April 2011. Accordingly, all population figures for subsequent years are estimates based on historic data. The most recent estimate of the population in Kuwait was published by the Public Authority for Civil Information as at 31 December 2018. The population was estimated to be approximately 4.6 million, of which approximately 1.4 million were Kuwaiti nationals (30.4 per cent.) and approximately 3.2 million were non-Kuwaiti nationals (69.6 per cent.).

### Economic Overview

Since oil was discovered in Kuwait in 1937, Kuwait's economy has grown significantly, principally due to the revenues generated from the export of crude oil and related products. Kuwait's major industries include petroleum, petrochemicals, cement, shipbuilding and repair, water desalination, food processing and construction.

According to provisional figures prepared by Kuwait's Central Statistical Bureau, Kuwait's real GDP increased by 0.5 per cent. in 2014, 0.6 per cent. in 2015, and 2.9 per cent. in 2016, and declined by 3.5 per cent. in 2017 to reach KWD 39.3 billion (U.S.\$128.3 billion, based on the KWD to U.S. dollar exchange rate quoted by Bloomberg on 27 February 2020, being KWD 1 = U.S.\$3.2639). There are currently no official Government statistics available on Kuwait's GDP for the year ended 31 December 2018. However, according to the IMF's October 2019 World Economic Database, the IMF has estimated that real GDP grew by 1.2 per cent. for the year ended 31 December 2018. According to the World Bank, at U.S.\$73,704.59, Kuwait has the sixth highest GDP (at purchasing power parity) per capita in the world for the year ended 31 December 2018.

According to data from Kuwait's Ministry of Finance, oil revenues comprised 89.6 per cent. of total Government revenues for the fiscal year ended 31 March 2019. According to the Kuwait Central Statistical Bureau, as at 31 December 2018, around 94 per cent. of Kuwait's national exports was derived from oil and its by-products. Kuwait's economy has generally benefitted from healthy fiscal and current account surpluses, although lower oil prices since mid-2014 meant that Kuwait realised a net budget deficit (after

transfers to the Future Generations Fund ("FGF")) for the fiscal years ended 31 March 2015, 2016, 2017, 2018 and 2019. The monthly average OPEC Reference Basket price per barrel in June 2014 was U.S.\$107.90. The OPEC Reference Basket prices (which represent a weighted average of oil prices collected from various oil producing countries) in each of 2014, 2015, 2016, 2017, 2018 and 2019 were U.S.\$96.29, U.S.\$49.49, U.S.\$40.76, U.S.\$52.43, U.S.\$69.78 and U.S.\$64.04, respectively. OPEC Reference Basket price movements are shown solely to illustrate the historic volatility in international crude oil prices and no implication is intended that the Group's revenue is directly linked to the price of the OPEC Reference Basket. The price per barrel of Kuwait Export Crude Oil (which is produced by Kuwait and constitutes part of the OPEC Reference Basket) has also moved in line with these trends.

While the oil industry has historically dominated and continues to be the largest part of, Kuwait's economy (with oil and oil products accounting for 50.8 per cent. of real gross value added for the year ended 31 December 2017 according to provisional figures from Kuwait's Central Statistical Bureau), for the past several years, Kuwait has been concentrating on the diversification of its economy by encouraging private sector participation and promoting foreign investment in non-oil sectors as articulated in the "New Kuwait 2035" plan. These efforts have gained special importance in light of the onset in mid-2014 of the current low oil price environment. Based on provisional figures from Kuwait's Central Statistical Bureau, the non-oil sector of the economy contributed 49.2 per cent. of Kuwait's real gross value added in the year ended 31 December 2017 and grew by 2.2 per cent. in real terms in the same time period from KWD 21.5 billion to KWD 22.0 billion. According to BP's Statistical Review of World Energy 2019, Kuwait's proven gas reserves reached 59.9 trillion cubic feet at end-2018, which puts Kuwait at 19<sup>th</sup> place globally. Kuwait's natural gas production averaged 1.69 billion cubic feet per day (bn cf/d) in 2018, which is the 34<sup>th</sup> place globally.

Kuwait's public finances benefit from one of the world's largest sovereign wealth funds. Based on third party public sources, as at 31 December 2018, the KIA was ranked as the world's fourth largest sovereign wealth fund with just under U.S.\$600 billion in assets according to the Sovereign Wealth Fund Institute. The KIA is prohibited by law from publicly discussing the exact size of its holdings. The KIA is responsible for the management of Kuwait's General Reserve Fund ("GRF") and its FGF, as well as other funds entrusted to it by the Minister of Finance for and on behalf of Kuwait. On an annual basis, by law, a minimum of 10 per cent. of all Government revenues are transferred to the FGF. The GRF is available to fund budget deficits in Kuwait.

## Inflation

The following table sets forth the consumer price index ("CPI") and annual inflation rate in Kuwait for the years ended 31 December 2018, 2017 and 2016, respectively.

	Average for the year ended 31 December		
	2018	2017	2016
Consumer Price Index (base year 2013=100).....	113.0	112.3	110.6
Inflation (percentage change, year on year).....	0.6	1.5	3.5

Source: Central Statistical Bureau.

## Government, Political and Legal System

Kuwait is a constitutional monarchy with a parliamentary system of government. Under its Constitution, which entered into force in 1963, the head of the State is the Emir, who is chosen from among the members of the ruling Al-Sabah family and confirmed by the National Assembly. The current Emir is His Highness Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, who acceded to the throne in January 2006. The Emir has, among other powers, the power to appoint the Prime Minister, dissolve the National Assembly, suspend certain parts of the Constitution and refer bills to the National Assembly for consideration. The Emir has the right to propose legislation as well as the right to promulgate and sanction laws. The Emir's half-brother, His Highness Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah, is the current Crown Prince. Historically, the Emir has been selected by family consensus although the Emir Succession Law provides for National Assembly input under certain circumstances.

Kuwait was the first member of the GCC to establish a directly elected National Assembly in 1963. The National Assembly comprises 50 directly elected members who serve four-year terms. The National Assembly has the power to question and dismiss ministers through a vote of no-confidence, including the

Prime Minister, and to propose, enact or block enactment of legislation introduced by the Government. The current National Assembly was elected in November 2016. The next National Assembly election is scheduled for 2020, although the Emir retains the power to dissolve the National Assembly before that time if the current arrangement ultimately proves to be ineffective.

The Council of Ministers forms the executive level of government and advises and assists the Prime Minister, who is appointed by the Emir. The current Prime Minister is His Highness Sheikh Sabah Al-Khaled Al-Sabah who was appointed in 2019.

Kuwait's legal system is primarily modelled on the French civil law system, Egyptian civil code and elements of Islamic Shari'a law. Although Kuwait is a democratic nation where sovereignty rests with the people, its system is based on the principles of justice, liberty and equality and governed by a Constitution of delegated powers to the legislative, the executive and the judicial authorities. In descending order of importance, the Constitution is followed by laws and their implementing instruments such as regulations and ministerial resolutions.

### **Development Strategy of Kuwait**

In 2010, the Government announced its new overall strategy for Kuwait's future development through the year 2035 known as "Kuwait Vision 2035," which is based on three main themes:

- recovering the pioneering regional role of Kuwait and transforming it into a financial and trade centre, attractive to investors, where the private sector plays the lead role in economic activity creating competition and promoting efficiency; with supportive national governmental institutions providing the adequate infrastructure, appropriate legislative framework and an inspiring business environment;
- providing a climate for balanced human development, safeguarding social values and national identity and preserving the community's values; and
- strengthening the democratic system, respect for the Constitution, and the promotion of justice, political participation and freedom.

### **The New Kuwait Plan**

On 30 January 2017, the Government updated its long-term development strategy under the slogan "New Kuwait 2035". The new Kuwait plan is based on the following seven thematic pillars and objectives:

- *public administration*: reform administrative and bureaucratic practices to reinforce transparency, accountability and efficiency in the Government;
- *economy*: develop a prosperous and diversified economy to reduce Kuwait's dependency on oil revenues;
- *infrastructure*: develop and modernise the national infrastructure to improve the quality of life for Kuwait's citizens;
- *living environment*: ensure the availability of accommodation through environmentally sound resources and tactics;
- *healthcare*: improve service quality and develop national capabilities in the public healthcare system;
- *human capital*: reform the education system to better prepare Kuwait's youth to become competitive, productive and competent members of the workforce; and
- *global position*: enhance Kuwait's regional and global presence in spheres such as diplomacy, trade, culture and philanthropy.

### **Foreign Relations and International Organisations**

Kuwait, together with the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Qatar, the Sultanate of Oman and the United Arab Emirates, form the GCC. Kuwait is also a member of OPEC and the United Nations. It is also a member of numerous international and multilateral organisations, including the IMF, the International Bank for Reconstruction and Development, the WTO, the League of Arab States, the Organisation of the Islamic Conference, the Multilateral Investment Guarantee Agency and the United Nations Educational, Scientific and Cultural Organisation (UNESCO).

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

*The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Trustee and the Principal Paying Agent (as defined in the Conditions).*

### **Master Purchase Agreement**

The Master Purchase Agreement will be entered into on 10 March 2020 between the Trustee (in its capacity as purchaser of the Initial Assets) and EQUATE (in its capacity as "**Seller**") and will be governed by the laws of Kuwait. A supplemental purchase agreement (a "**Supplemental Purchase Agreement**") between the same parties will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by the laws of Kuwait.

Pursuant to the Master Purchase Agreement, the Seller may, from time to time in relation to the first tranche of Certificates (being a "**Tranche**") issued under a Series, agree to sell and transfer to the Trustee, and the Trustee may, from time to time, agree to purchase and accept the transfer from the Seller of all of the Seller's interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Initial Assets for the purchase price specified in the Supplemental Purchase Agreement (the "**Asset Purchase Price**"), which will be payable on the Issue Date of the first Tranche of the relevant Series. The Purchaser will use no less than 52 per cent. of the issue proceeds of the first Tranche of a Series to purchase Initial Assets pursuant to the Master Purchase Agreement and the relevant Supplemental Purchase Agreement. The relevant Initial Assets will be set out in the schedule to the relevant Supplemental Purchase Agreement.

### **Master Lease Agreement**

The Master Lease Agreement will be entered into on 10 March 2020 between the Trustee (in its capacity as lessor of the relevant Lease Assets of each Series) and EQUATE (in its capacity as "**Lessee**") and will be governed by the laws of Kuwait. A supplemental lease agreement (a "**Supplemental Lease Agreement**") between the same parties will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by the laws of Kuwait.

Pursuant to the Master Lease Agreement, the Trustee may, from time to time in relation to the first Tranche issued under a Series, agree to lease to the Lessee, and the Lessee may agree to lease from Trustee, the relevant Lease Assets for the relevant Lease Term in consideration for the payment of Rental by the Lessee on each Rental Payment Date for each Lease Period of the relevant Lease Term upon and subject to the terms and conditions contained in the Master Lease Agreement and the relevant Supplemental Lease Agreement. On: (i) the Issue Date of the first Tranche issued under a Series; or (ii) any Substitution Date (as defined in the Sale Undertaking) on which a Total Substitution Event occurs, the Trustee and the Lessee will enter into a Supplemental Lease Agreement on that Issue Date or Substitution Date (as the case may be) which will, among other things, specify the Lease Assets as at that Issue Date or Substitution Date (as applicable).

Each Rental (less any Services Charge Amount incurred by the Trustee in relation to the relevant Lease Assets for the relevant Lease Period) shall be paid by the Lessee in the Specified Currency without any prior notice or demand, and together with all other payments (if any) due under the terms of the Master Lease Agreement and the relevant Supplemental Lease Agreement to the Trustee to the Transaction Account on the Business Day immediately preceding each Rental Payment Date falling at the end of the relevant Lease Period or, if applicable, such Additional Lease Period, in accordance with the terms and conditions of the Master Lease Agreement and the relevant Supplemental Lease Agreement.

Under the terms of the Master Lease Agreement and the relevant Supplemental Lease Agreement, the Lessee shall, at its own cost and expense, be responsible for performing or procuring the performance of all Ordinary Maintenance and Repair required for the relevant Lease Assets during each Lease Period and the payment of all common, utility and other expenses (including without limitation those relating to electricity, gas and water) incurred in connection with the use of the relevant Lease Assets.

The Trustee shall be responsible for:

- (a) the performance of all Major Maintenance and Structural Repair;

- (b) the payment of Proprietorship Taxes (if any); and
- (c) obtaining insurance for the Lease Assets and, to the extent that it is reasonable and commercially practicable, in a manner compliant with the principles of Islamic finance,

and the Lessee acknowledges that Trustee will procure that the Service Agent, in accordance with the terms and conditions set out in the Service Agency Agreement, shall perform, or shall procure the performance of, all Major Maintenance and Structural Repair, the payment of Proprietorship Taxes (if any) and obtaining insurance for the relevant Lease Assets.

If a Total Loss Event occurs with respect to the Lease Assets of a Series, then, without prejudice to any right or remedy that the Trustee may have under any Transaction Document or by law in respect of that Series, the Lease in respect of that Series shall automatically terminate and the Trustee will be entitled (in addition to any amounts payable pursuant to the Service Agency Agreement) to any due and unpaid Rental in respect of that Series up to the date on which the Total Loss Event occurred.

All Rental and other payments by the Lessee to the Trustee under the Master Lease Agreement must be made without set off or counterclaim of any kind and without any deduction, retention or withholding for or on account of Tax unless required by law and, in the event that a deduction, retention or withholding is imposed by or on behalf of any relevant taxing authority in relation to the Rental or any corresponding payment by the Trustee pursuant to the Certificates, the Lessee shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction, retention or withholding had been made and accordingly, the Lessee undertakes to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and currency prescribed under the Master Lease Agreement.

#### **Service Agency Agreement**

The Service Agency Agreement will be entered into on 10 March 2020 between the Trustee and EQUATE (in its capacity as Service Agent) and will be governed by English law.

Pursuant to the Service Agency Agreement, in relation to each Series, the Trustee appointed the Service Agent to provide the following services (the "**Services**") in accordance with the terms of the Service Agency Agreement:

- (a) it shall carry out all Major Maintenance and Structural Repair in respect of the Lease Assets of each Series on behalf of the Trustee (as lessor);
- (b) so long as the Trustee remains the owner of the Lease Assets of any Series, the Service Agent, on behalf of the Trustee, shall pay all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Lease Assets by any relevant taxing authority; and
- (c) it shall:
  - (i) be responsible for ensuring that the Lease Assets of each Series are, so long as the Certificates of that Series are outstanding, insured and, to the extent that it is reasonable and commercially practicable, in a *Shari'a* compliant manner (the "**Takaful/Insurances**") against a Total Loss Event in an insured amount in the Specified Currency of the relevant Series, at all times, at least equal to the Takaful/Insurance Coverage Amount;
  - (ii) promptly make a claim in respect of each loss relating to the Lease Assets in accordance with the terms of the Takaful/Insurances and diligently pursue such claim under the terms of the Takaful/Insurances; and;
  - (iii) ensure that, in the event of a Total Loss Event occurring, all Takaful/Insurance Proceeds in an amount at least equal to the Takaful/Insurance Coverage Amount are paid in the Specified Currency of that Series directly into the Transaction Account as soon as practicable and in any event by no later than close of business in Kuwait on the 30th day after the occurrence of the Total Loss Event.

The Service Agent shall provide the Services under the Service Agency Agreement in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

In consideration for the Service Agent acting as agent of the Trustee in relation to the Lease Assets of each Series the Service Agent shall be paid a fee of U.S.\$100 on the date of the Service Agency Agreement (the receipt and adequacy of which is acknowledged by the Service Agent under the Service Agency Agreement).

If a Total Loss Event occurs in relation to a Series and the terms of the Service Agency Agreement are not strictly complied with by the Service Agent, an amount (if any) less than the Takaful/Insurance Coverage Amount is credited to the Transaction Account pursuant to the applicable clause of the Service Agency Agreement (the difference between the Takaful/Insurance Coverage Amount and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), then the Service Agent (unless it proves beyond any doubt that any shortfall in the Takaful/Insurance Proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets of that Series and accordingly irrevocably and unconditionally undertakes to pay (in the Specified Currency of that Series in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account as soon as practicable and in any event by no later than close of business in Kuwait on the 31<sup>st</sup> day after the Total Loss Event has occurred. Thereafter, and subject to the Service Agent's strict compliance with the Service Agency Agreement, any Takaful/Insurance Proceeds received from any insurer in respect of the relevant Lease Assets shall be for the Service Agent's sole account.

The Service Agent has agreed in the Service Agency Agreement (and except as provided herein) that all payments by it under the Service Agency Agreement will be made without any deduction, retention or withholding for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any deduction, retention or withholding, the Service Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction, retention or withholding had been made and accordingly the Service Agent undertakes in the Service Agency Agreement to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and currency prescribed in the Service Agency Agreement. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Service Agent will pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee. The payment obligations of the Service Agent under the Service Agency Agreement will be direct, unsubordinated and unsecured obligations of the Service Agent and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Service Agent, present and future.

The Service Agent shall, in relation to each Series, on or prior to each Services Invoice Date, submit to the Trustee or its agent one or more invoices for any Services Charge Amount incurred by it in the Lease Period of each Series in which such Services Invoice Date falls and such invoice(s) shall be denominated in US Dollars and, if required, the exchange rate for conversion into the US Dollars shall be determined by the Service Agent.

#### **Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on 10 March 2020 by EQUATE as obligor in favour of the Trustee and the Delegate and will be governed by English law.

In relation to each Series, and provided that a Total Loss Event has not occurred in respect of the Lease Assets of that Series, the Obligor pursuant to the Purchase Undertaking shall irrevocably grant the Trustee and the Delegate (on behalf of itself and the Certificateholders) the following rights:

- a) provided that a Dissolution Event has occurred, a Dissolution Notice has been delivered in accordance with the Conditions, to require the Obligor to purchase and accept the transfer on the Dissolution Event Redemption Date specified in the Exercise Notice of all of the Trustee's



interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price;

b) to require the Obligor, on the Scheduled Dissolution Date, to purchase and accept the transfer of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price;

c) provided that:

(a) Certificateholder Put Right is specified as applicable in the applicable Pricing Supplement; and

(b) a holder or holders of the relevant Certificates have exercised the Certificateholder Put Right in accordance with the Conditions,

to require the Obligor, on to the relevant Certificateholder Put Right Date, to purchase and accept the transfer on the Certificateholder Put Right Date of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Certificateholder Put Right Lease Assets at the Certificateholder Put Right Exercise Price; and

d) provided that:

(a) Change of Control Put Right is specified as applicable in the applicable Pricing Supplement; and

(b) a Change of Control Event has occurred and a holder or holders of the relevant Certificates have exercised the Change of Control Put Right in accordance with the Conditions,

to require the Obligor, on the relevant Change of Control Put Date, to purchase and accept the transfer on the Change of Control Put Date of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Change of Control Put Right Lease Assets at the Change of Control Put Right Exercise Price,

in each case, with regard to such Lease Assets on an "as is" basis (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

If the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an Exercise Notice will be required to be delivered by the Delegate under the Purchase Undertaking.

In relation to each Series and provided that a Total Loss Event has not occurred in respect of the Lease Assets of that Series, the Trustee will also be entitled to exercise the Purchase Undertaking following:

(a) any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Certificateholder Put Right Date, in which case EQUATE will be required to purchase and accept the transfer of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the relevant Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Certificateholder Put Right; by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series (the "**Certificateholder Put Right Proportion**"), at the Certificateholder Put Right Exercise Price and by entering into a sale agreement in the form scheduled to the Purchase Undertaking; and

(b) in relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Change of Control Put Date, in which case EQUATE will be required to purchase and accept the transfer of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the relevant Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Change of Control Put Right; by (ii) the aggregate outstanding face

amount of the Certificates of the relevant Series (the "**Change of Control Put Right Proportion**"), at the Change of Control Put Right Exercise Price and by entering into a sale agreement annexed to the Purchase Undertaking.

EQUATE has agreed in the Purchase Undertaking that, save as set out in the Purchase Undertaking, all payments by it under the Purchase Undertaking will be made without any deduction, retention or withholding for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction, retention or withholding, EQUATE shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction, retention or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), EQUATE will agree in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee. The payment obligations of EQUATE under the Purchase Undertaking will be direct, unsubordinated and unsecured obligations of EQUATE and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of EQUATE, present and future. Notwithstanding the above, if all of the Certificates of a Series are being redeemed in full an amount equal to the relevant Services Charge Amount to be paid by EQUATE as part of any Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Put Right Exercise Price (as applicable) hereunder and any Services Charge Amount to be paid by the Trustee under the Service Agency Agreement which have not been paid shall be set off against one another.

In the Purchase Undertaking, EQUATE has undertaken to comply with all provisions of the Conditions and the Transaction Documents to which it is a party and which are expressed to be applicable to it including, without limitation the negative pledge provisions described in Condition 6.2 (*Negative Pledge*).

EQUATE has further undertaken to the Trustee in the Purchase Undertaking that if the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Put Right Exercise Price is not paid in accordance with the Purchase Undertaking for any reason whatsoever, EQUATE shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the relevant Certificates to be redeemed on the Certificateholder Put Right Date or the Change of Control Put Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Put Right Exercise Price (as applicable), in each case without duplication.

### **Sale Undertaking**

The Sale Undertaking will be executed as a deed on 10 March 2020 by the Trustee in favour of EQUATE and will be governed by English law.

In relation to each Series, pursuant to the Sale Undertaking, the Trustee shall irrevocably grant to EQUATE the right:

- (a) on the conditions described in Condition 8.2 (*Early Dissolution for Taxation Reasons*), to require the Trustee to sell, transfer and convey to EQUATE on the Early Tax Dissolution Date all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price by executing a sale agreement;
- (b) if and to the extent that any Certificates have been purchased and are to be cancelled pursuant to Condition 8.8 (*Purchases*) and 8.9 (*Cancellation*) (the "**Cancellation Certificates**"), to require the Trustee to purchase the Cancellation Certificates from EQUATE in consideration for:
  - (i) the sale and transfer of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be cancelled pursuant to Condition 8.8 (*Purchases*) and Condition 8.9

(*Cancellation*); by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series (the "**Cancellation Proportion**"); and

- (ii) the payment of an amount equal to the product of the aggregate outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series and the Cancellation Proportion, as determined on the relevant date on which the Cancellation Certificates are to be cancelled immediately prior to the redemption and cancellation of the relevant Cancellation Certificates (the "**Cancellation Amount**"),

in each case, by executing a sale agreement;

- (c) provided that Optional Dissolution Right is specified as applicable in the applicable Pricing Supplement and EQUATE has exercised the Optional Dissolution Right in accordance with the Conditions, to require the Trustee to sell and transfer to EQUATE all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Optional Dissolution Right; by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series immediately prior to such redemption (the "**Optional Dissolution Proportion**"), at the Optional Dissolution Exercise Price by executing a sale agreement;
- (d) **provided that** the Trustee has issued an additional Tranche of Certificates in accordance with Condition 20 (*Further Issues*) (the "**Relevant Tranche**") in respect of an existing Series, to require the Trustee on the Issue Date of the Relevant Tranche to accept the transfer of all of EQUATE's interests, rights, benefits and entitlements in, to and under certain additional Eligible Assets (the "**Additional Assets**") at the Additional Exercise Price by entering into an additional purchase agreement in the form scheduled to the Sale Undertaking, provided that:
  - (i) the Value of the Additional Assets of the Relevant Tranche (the "**Additional Asset Value**") is no less than 52 per cent. of the aggregate face amount of the Certificates issued pursuant to the Relevant Tranche;
  - (ii) if the Additional Asset Value is less than the aggregate face amount of the Certificates issued pursuant to the Relevant Tranche, EQUATE has issued or, simultaneously with issuing an Exercise Notice in accordance with the terms of the Sale Undertaking, will issue a Notice of Request to Purchase pursuant to the terms of the Master Murabaha Agreement specifying a Commodity Purchase Price that is equal to the aggregate face amount of the Certificates issued pursuant to the Relevant Tranche less the Additional Asset Value; and
  - (iii) the Additional Exercise Price payable for the relevant Additional Assets is an amount equal to the issuance proceeds from the Relevant Tranche less the Commodity Purchase Price specified in any Notice of Request to Purchase issued in connection with the Relevant Tranche and as contemplated by paragraph (ii) above (if any); and
- (e) to require, from time to time at EQUATE's sole discretion, the Trustee to sell, transfer and convey all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under any or all of the Lease Assets (the "**Substituted Assets**") to it in exchange for New Assets of a Value which is equal to or greater than the Value of the Substituted Assets (as certified by EQUATE in the relevant Substitution Notice), and provided that the New Assets are Eligible Assets. The substitution of the Substituted Assets with the New Assets will become effective on the date specified in the Substitution Notice to be delivered by EQUATE, by the Trustee and EQUATE entering into a sale agreement. In the event that Substituted Assets constitute all of the Lease Assets of the Series on the relevant Substitution Date (as defined in the Sale Undertaking), the then existing Supplemental Lease Agreement shall terminate and the Trustee and the Lessee will enter into a Supplemental Lease Agreement on that Substitution Date which will, among other things, specify the New Assets as the Lease Assets as at that Substitution Date. Schedule 1 (*Lease Assets*) of each relevant Supplemental Lease Agreement shall be updated on: (i) each date on which any Lease Asset under that Series is transferred to EQUATE in accordance with the Transaction Documents; and (ii) each date on which an Additional Purchase Agreement is entered into in connection with the relevant Series in accordance with the terms of the Sale Undertaking.

## Master Murabaha Agreement

In connection with each Tranche under each Series of Certificates, the Trustee may desire to enter into a Commodity Murabaha Investment with EQUATE (in its capacity as buyer, the "**Buyer**") using a portion of the issue proceeds of the relevant Tranche as specified in the applicable Pricing Supplement and which will be no more than 48 per cent. of the issue proceeds of that Tranche.

Pursuant to the Master Murabaha Agreement, the Trustee has undertaken that, on receipt of a Notice of Request to Purchase from the Buyer, the Trustee (acting through the Commodity Agent) shall purchase the relevant Commodities no later than 10.30 a.m. on the relevant Issue Date (or such other time as may be agreed in writing by the Buyer and the Trustee), purchase the Commodities which are the subject of that Notice of Request to Purchase from the Commodity Supplier at the relevant Commodity Purchase Price in accordance with the terms set out in that Notice of Request to Purchase; and following such purchase of the relevant Commodities, offer to sell those Commodities to the Buyer at the relevant Deferred Sale Price on deferred payment terms in accordance with the Master Murabaha Agreement.

Following the purchase of the Commodities by the Trustee (acting through the Commodity Agent) provided that the Trustee has acquired title to, and (actual or constructive) possession of, the Commodities, the Trustee shall deliver no later than 11 a.m. London time (or such other time as may be agreed between the Buyer and the Trustee) on the Issue Date an Offer Notice to the Buyer (with a copy to the Commodity Agent) indicating the Trustee's acceptance of the terms of the Notice of Request to Purchase made by the Buyer and detailing the terms of the offer for the sale of the Commodities to the Buyer from the Trustee.

Pursuant to the Master Murabaha Agreement, the Buyer has irrevocably and unconditionally undertaken to accept the terms of, countersign and deliver to the Trustee (with a copy to the Commodity Agent) any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the Notice of Request to Purchase) purchase the Commodities acquired by the Trustee (acting through the Commodity Agent), in each case no later than 12 p.m. London time (or such other time as may be agreed between the Buyer and the Trustee) on the Issue Date (or such other time as may be agreed in writing by the Buyer and the Trustee) at the relevant Deferred Sale Price.

As soon as the Buyer has countersigned the Offer Notice, the relevant Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of that Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement; and ownership of and all risks in and to the Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto including the benefit of all of the Commodity Supplier's warranties and representations which are capable of being so transferred.

The Buyer may (but has no obligation to) following the purchase of the Commodities by the Buyer from the Trustee, and provided that the Buyer has acquired title to, and possession of, the Commodities, sell those Commodities to a third party.

Except as otherwise provided in the Master Murabaha Agreement, in connection with each Murabaha Contract, the Buyer has irrevocably and unconditionally undertaken in the Master Murabaha Agreement to pay to the Trustee on the Business Day falling immediately prior to the Scheduled Dissolution Date of the relevant Series, the outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series in full by crediting such amounts to the Transaction Account by no later than 10.00 a.m. on such date. Notwithstanding the foregoing, in accordance with the Master Murabaha Agreement, the amount and due date of the Deferred Sale Price shall be subject to adjustment (without further formality) as provided below:

- (a) upon the occurrence of a Dissolution Event under the relevant Series and provided that a Dissolution Notice has been delivered in accordance with the Conditions, the outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series shall become immediately due and payable on the Dissolution Event Redemption Date and such amounts shall be credited to the Transaction Account by no later than 10.00 a.m. on such date;
- (b) subject to the provisions of the Master Murabaha Agreement, on each Cancellation Date under a Series, an amount of the outstanding Deferred Sale Price of each Murabaha Contract under the relevant Series equal to the Cancellation Proportion shall become immediately due and payable;

- (c) upon the occurrence of a Tax Event and provided that the Trustee has delivered to the Delegate:
  - (i) a certificate signed by two directors of the Trustee (in the case of Condition 8.2(a)) or the Buyer (in the case of Condition 8.2(b)); and
  - (ii) an opinion of independent legal advisers or other professional advisers, in each case of recognised standing,

in each case, in accordance with Condition 8.2 (*Early Dissolution for Taxation Reasons*), the outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series shall become immediately due and payable on the Business Day falling immediately prior to the relevant Early Tax Dissolution Date and such amounts shall be credited to the Transaction Account by no later than 10.00 a.m. on such date:
- (d) the Certificateholders Put Right Proportion of the outstanding Deferred Sale Price of each Murabaha Contract under the relevant Series shall become immediately due and payable on the Business Day falling immediately prior to any relevant Certificateholders Put Right Date and such amounts shall be credited to the Transaction Account by no later than 10.00 a.m. on such date;
- (e) the Change of Control Put Right Proportion of the outstanding Deferred Sale Price of each Murabaha Contract under the relevant Series shall become immediately due and payable on the Business Day falling immediately prior to any relevant Change of Control Put Date and such amounts shall be credited to the Transaction Account by no later than 10.00 a.m. on such date;
- (f) the Optional Dissolution Proportion of the outstanding Deferred Sale Price of each Murabaha Contract under the relevant Series shall become immediately due and payable on the Business Day falling immediately prior to any relevant Optional Dissolution Date and such amounts shall be credited to the Transaction Account by no later than 10.00 a.m. on such date; and
- (g) on the Business Day falling immediately prior to the Total Loss Event Dissolution Date of the relevant Series, the outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series shall become immediately due and payable and such amounts shall be credited to the Transaction Account by no later than 10.00 a.m. on such date..

An amount equal to the Cancellation Amount component of the Cancellation Amount to be paid by the Trustee to the Buyer pursuant to the Sale Undertaking on a relevant Cancellation Date shall be set off against the amount of any Deferred Sale Price to be paid by the Trustee to the Buyer under paragraph (b) above on that Cancellation Date.

The Buyer has agreed in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement will be made in the Specified Currency and without any deduction, retention or withholding for or on account of any present or future Taxes imposed by the Relevant Jurisdictions unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction, retention or withholding, the Buyer shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction, retention or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Buyer has agreed in the Master Murabaha Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee. The payment obligations of the Buyer under the Master Murabaha Agreement and each Murabaha Contract will be direct, unsecured and unsecured obligations of the Buyer and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6.2 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsecured indebtedness and monetary obligations of the Buyer, present and future.

**The Master Trust Deed, as supplemented by each Supplemental Trust Deed**

The Master Trust Deed will be entered into on 10 March 2020 between the Trustee, EQUATE, TKOC and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Tranche of Certificates and will also be governed by English law.

Upon issue of the Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), amongst other things, the cash proceeds of the issue of the Certificates, the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (save as set out in Condition 5.1 (*Trust Assets*)) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5.1 (*Trust Assets*).

Pursuant to the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries in respect of that Series only; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed.

The obligations of EQUATE under the relevant Transaction Documents are unconditionally and irrevocably guaranteed by TKOC pursuant to the Master Trust Deed.

The Trustee irrevocably and unconditionally appointed the Delegate to be its attorney and to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), rights, authorities and discretions vested in the Trustee by the Master Trust Deed that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, to: (i) exercise all of the rights of the Trustee under the Purchase Undertaking, the Master Murabaha Agreement and any of the other Transaction Documents; and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed. The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Trust Deed specifies that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series. The Certificateholders have no claim or recourse against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

A non-interest bearing Transaction Account in London will be established in respect of each Series of Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise revenues from the Lease Assets other than in the nature of sale, capital or principal payments, and amounts of the Deferred Sale Price paid by EQUATE pursuant to a Commodity Murabaha Investment (see "*Summary of the Principal Transaction Documents – Service Agency Agreement*" and "*Summary of the Principal Transaction Documents – Master Murabaha Agreement*"). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5.2 (*Application of Proceeds from Trust Assets*).

In addition, EQUATE has covenanted and undertaken in the Master Trust Deed that:

- (a) if the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Optional Dissolution Exercise Price is not paid in accordance with the Transaction Documents for any reason whatsoever, EQUATE shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Optional Dissolution Exercise Price (as the case may be); and
- (b) if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, EQUATE shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee

for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

If and to the extent the Trustee has exercised its rights under Condition 20 to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that the Additional Assets and the Lease Assets in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Certificates and each Commodity Murabaha Investment made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect thereto) in relation to the relevant Series are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Master Trust Deed.

### **Shari'a Compliance**

Each Transaction Document provides that each of EQUATE Sukuk SPC Limited, EQUATE Petrochemical Company K.S.C.C. and The Kuwait Olefins Company K.S.C.C. (as applicable) agrees that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Sharia*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

### **Defined Terms**

"**Additional Lease Period**" has the meaning given to it in the Purchase Undertaking.

"**Certificateholder Put Right Exercise Price**" means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Certificateholder Put Right for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Services Charge Amount and any other Priority Amounts which remain outstanding as at the Certificateholder Put Right Date); plus
- (d) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Certificateholder Put Right as specified in the applicable Pricing Supplement;

less, an amount equal to the aggregate of all outstanding Deferred Sale Prices relating to that Series which have been paid into the Transaction Account in accordance with the applicable clause of the Master Murabaha Agreement and which shall be available on the applicable Certificateholder Put Right Date.

"**Change of Control Put Right Exercise Price**" means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Change of Control Put Right for the relevant Series; plus

- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; plus
- (c) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Services Charge Amount and any other Priority Amounts which remain outstanding as at the Change of Control Put Date); plus
- (d) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Change of Control Put Right as specified in the applicable Pricing Supplement;

less, an amount equal to the aggregate of all outstanding Deferred Sale Prices relating to that Series which have been paid into the Transaction Account in accordance with the applicable clause of the Master Murabaha Agreement and which shall be available on the applicable Change of Control Put Date.

"**Commodities**" means any of the commodities traded over the counter, which comprise any *Shari'a* compliant London Metal Exchange approved non-ferrous base metals, platinum group metals, or other *Shari'a* compliant commodities acceptable to the Buyer and the Trustee, which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults.

"**Commodity Purchase Price**" means, in relation to each Series and each Tranche under each Series and the corresponding Murabaha Contract, the aggregate amount payable to the relevant Commodity Supplier by or on behalf of the Trustee for the purchase of the Commodities from the relevant Commodity Supplier by the Trustee, specified as such in the relevant Notice of Request to Purchase and which amount shall be equal to the relevant Murabaha Investment Amount.

"**Commodity Supplier**" means the vendor of Commodities as specified in the relevant Notice of Request to Purchase.

"**Deferred Sale Price**" means, in relation to a Murabaha Contract, the aggregate of the applicable Commodity Purchase Price and Murabaha Profit and specified as such in the Offer Notice.

"**Eligible Asset**" means any immovable tangible asset (including, but not limited to, fixed plant and machinery and infrastructure) located in Kuwait that is free and clear of all Encumbrances, is owned by the Seller and is capable of being sold and leased.

"**Encumbrance**" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect.

"**Exercise Price**" means, in relation to each Series, the aggregate of:

- (a) the aggregate face amount of Certificates then outstanding for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates of the relevant Series; plus
- (c) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Services Charge Amount and any other Priority Amounts which remain outstanding as at the Dissolution Event Redemption Date, Scheduled Dissolution Date or Early Tax Dissolution Date (as the case may be)); plus
- (d) any other amounts payable on redemption of the Certificates of the relevant Series as specified in the applicable Pricing Supplement;

less, an amount equal to the aggregate of all outstanding Deferred Sale Prices relating to that Series which have been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement and which shall be available on the Dissolution Event Redemption Date, Scheduled Dissolution Date or Early Tax Dissolution Date (as the case may be) to pay a proportion of the aggregate amounts payable on redemption of the Certificates.



**"Initial Assets"** means, in relation to each Series, the Eligible Assets specified as such in the relevant Supplemental Purchase Agreement.

**"Lease"** means, in relation to a Series, the lease created pursuant to the Master Lease Agreement and the relevant Supplemental Lease Agreement in connection with that Series.

**"Lease Assets"** means, in relation to a Series, the assets set out in schedule 1 (*Lease Assets*) of the relevant Supplemental Lease Agreement as such schedule shall be amended from time to time in accordance with the terms of the Service Agency Agreement (including, for the avoidance of doubt, to take into account the acquisition of Additional Assets by the Trustee from time to time), as such assets may be repaired, refurbished or upgraded from time to time as a result of any Major Maintenance and Structural Repair and/or any Ordinary Maintenance and Repair provided however that **"Lease Assets"** shall not include any asset the title to which has been sold or transferred to EQUATE under the terms of the relevant Transaction Documents.

**"Lease Commencement Date"** means, in relation to a Series:

- (a) the Issue Date of the first Tranche of Certificates to be issued under that Series; or
- (b) in the event that a Total Substitution Event occurs and a new Supplemental Lease Agreement is entered into in respect of that Series in accordance with the terms of the Sale Undertaking, the Substitution Date on which the Total Substitution Event occurred,

in each case, being the date on which the relevant Lease shall commence in accordance with the Service Agency Agreement and the relevant Supplemental Lease Agreement.

**"Lease End Date"** means, in relation to a Series, the Scheduled Dissolution Date of that Series, unless:

- (a) the relevant Lease is terminated on an earlier date in accordance with the terms of the Service Agency Agreement, in which case it shall mean the date on which such early termination becomes effective; or
- (b) the Lease End Date is extended in accordance with the Purchase Undertaking, in which case it shall mean the last day of the Additional Lease Period.

**"Lease Period"** means, in relation to a Series, the period from, and including, a relevant Rental Payment Date (or with respect to the first Lease Period under that Series, from, and including, the relevant Lease Commencement Date) to, but excluding, the immediately following Rental Payment Date (or, with respect to the final Lease Period of that Series, the relevant Lease End Date) and shall, where the context allows, include any Additional Lease Period.

**"Lease Term"** means, in relation to a Series, the period from and including the relevant Lease Commencement Date to but excluding the relevant Lease End Date.

**"Major Maintenance and Structural Repair"** means all structural repair and major maintenance (other than Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Lease Assets suffer no damage, loss or diminution in value, without which the Lease Assets could not be reasonably and properly used by the Lessee.

**"Murabaha Contract"** means an individual contract for the sale of Commodities at a deferred sale price and made pursuant to the Master Murabaha Agreement by the delivery of both an Offer Notice by the Trustee to the Buyer and the subsequent countersignature of such Offer Notice by the Buyer in accordance with the terms of the Master Murabaha Agreement.

**"Murabaha Investment Amount"** means, in relation to a Series and each Tranche under a Series, the relevant proportion of the proceeds of the issue of the Certificates of that Tranche under that Series which are to be applied in the acquisition of Commodities by or on behalf of the Trustee for the purposes of the entry into of a Murabaha Contract pursuant to the terms of the Master Murabaha Agreement and specified as such in the applicable Pricing Supplement and which, in relation to any Tranche under a Series, shall be an amount equal to the face amount of the Certificates issued pursuant to the relevant Tranche of Certificates less the Asset Purchase Price (in the case of the first Tranche of Certificates under a Series) or the Value of the Additional Assets (in the case of each other Tranche of Certificates under a Series), in each case, as at

the relevant Issue Date **provided that** such amount shall not be greater than 48 per cent. of the face amount of the Certificates issued pursuant to the relevant Tranche of Certificates.

**"Murabaha Proportion"** means, in relation to a proposed Murabaha Contract relating to a Tranche, the proportion borne by the Commodity Purchase Price of that Murabaha Contract to the face amount of the Certificates issued pursuant to that Tranche.

**"Murabaha Profit"** means, in relation to a proposed Murabaha Contract relating to a Tranche, the amount specified as such in the applicable Pricing Supplement being an amount equal to one per cent. of the face amount of the Certificates issued in connection with that Tranche.

**"New Assets"** means Eligible Assets specified as such in a Substitution Notice.

**"Notice of Request to Purchase"** has the meaning given to it in the Master Murabaha Agreement.

**"Offer Notice"** means an offer notice to be issued by the Trustee to the Buyer substantially in the form set out in schedule 2 (*Form of Offer Notice*) of the Master Murabaha Agreement.

**"Ordinary Maintenance and Repair"** means all repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Lease Assets and to keep, repair, maintain and preserve the Lease Assets in good order, state and condition.

**"Priority Amounts"** means any amounts described in Condition 5.2(a) and/or 5.2(b).

**"Proprietorship Taxes"** means all Taxes in relation to the relevant Lease Assets, imposed, charged or levied by law, regulation or decree against a proprietor, but excluding all Taxes that are imposed, charged or levied by law, regulation or decree against a lessee or a tenant.

**"Rental"** means, for each Lease Period in relation to a Series, an amount equal to:

- (a) for each Lease Period (other than an Additional Lease Period which commences on or after the relevant Scheduled Dissolution Date) in relation to a Series, an amount equal to the Periodic Distribution Amount for the corresponding Periodic Distribution Period as determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*); and
- (b) for each Additional Lease Period which commences on or after the relevant Scheduled Dissolution Date, an amount equal to the Periodic Distribution Amount for the corresponding Periodic Distribution Period as determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*).

**"Rental Payment Date"** means, in relation to each Series, the date which is the Business Day immediately preceding each Periodic Distribution Date under that Series and (if applicable) the last day of an Additional Lease Period under that Series.

**"Substitution Notice"** means a substitution notice substantially in the form set out in the relevant schedule of the Sale Undertaking.

**"Services Charge Amount"** means, in respect of a Lease Period under each Series, all payments made or incurred by the Service Agent in respect of the Services performed in relation to the Lease Assets of the relevant Series during that Lease Period (inclusive of any Taxes).

**"Services Invoice Date"** means, in relation to a Lease Period under a Series in which the Services Charge Amount was paid or incurred, the third Business Day prior to:

- (a) the Rental Payment Date applicable to that Lease Period;
- (b) the date of termination of the Lease, in the case of the termination of the relevant Lease prior to a Rental Payment Date; or
- (c) the Lease End Date, in the case of the final Lease Period (including as a result of a Total Loss Event and a Total Substitution Event).

**"Takaful/Insurance Coverage Amount"** means, in relation to each Series, an amount equal to:

- (a) the aggregate of:
  - (i) the outstanding face amount of the Certificates of that Series;
  - (ii) an amount equal to at least thirty (30) days' Rental payable under the Master Lease Agreement and relevant Supplemental Lease Agreement; and
  - (iii) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Services Charge Amounts and any other Priority Amounts which remain outstanding as at the Total Loss Event Redemption Date); and
  - (iv) any other amounts payable on redemption of the Certificates of the relevant Series as specified in the applicable Pricing Supplement;

less

- (b) an amount equal to the aggregate of each outstanding Deferred Sale Price (after any reduction pursuant to the applicable clause of the Master Murabaha Agreement) relating to the relevant Series.

**"Taxes"** means any tax, levy, impost, duty or other charge or withholding, deduction or retention of a similar nature.

**"Total Loss Event"** means, in relation to each Series:

- (a) the total loss or destruction of, or damage to, all of the Lease Assets of the relevant Series or any event or occurrence that renders all of the Lease Assets of the relevant Series permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the relevant Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical; or
- (b) the Trustee ceases to own the entirety of the Lease Assets of the relevant Series (including, without limitation, as a result of nationalisation, expropriation, requisition, confiscation, attachment or such other analogous event) other than in accordance with the terms of the Transaction Documents.

**"Total Substitution Event"** means, in relation to each Series, the substitution of all (and not part only) of the Lease Assets for new Eligible Assets in accordance with the terms of the Sale Undertaking.

**"Transaction Account"** means, in relation to a particular Series, the non-interest bearing transaction account in London established by the Trustee and held with Citibank N.A., London Branch denominated in the Specified Currency, details of which are set out in the applicable Pricing Supplement into which, among other things, EQUATE will deposit all amounts due to the Trustee under the Transaction Documents.

**"Value"** means, at any time in respect of any Lease Asset, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s)) determined by EQUATE acting reasonably as being equal to the value of that Lease Asset on the date that it was purchased or otherwise acquired by the Trustee as set out in the relevant Sale Agreement and/or Additional Purchase Agreement, as the case may be, or, at any time in respect of any Initial Asset, the amount (in the Specified Currency (following conversion, if necessary, of any relevant amount(s)) determined by EQUATE Petrochemical Company K.S.C.C. acting reasonably as being equal to the value of that Initial Asset on the date it was purchased by the Trustee as set out in the relevant Supplemental Purchase Agreement, as the context requires.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Trustee, the Obligors nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-Entry Systems

#### DTC

DTC has advised the Trustee that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "**banking organisation**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Certificates among Direct Participants on whose behalf it acts with respect to Certificates accepted into DTC's book-entry settlement system ("**DTC Certificates**") as described below and receives and transmits distributions of principal and interest on DTC Certificates. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Certificates ("**Owners**") have accounts with respect to the DTC Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Certificates through Direct Participants or Indirect Participants will not possess Certificates, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Certificates.

Purchases of DTC Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Certificates on DTC's records. The ownership interest of each actual purchaser of each DTC Certificate ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Certificates, except in the event that use of the book-entry system for the DTC Certificates is discontinued.

To facilitate subsequent transfers, all DTC Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Certificates; DTC's records reflect only the identity

of the Direct Participants to whose accounts such DTC Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Certificates unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and profit payments on the DTC Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and profit to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is a Dissolution Event under the Certificates, DTC will exchange the DTC Certificates for definitive Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Certificates purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Certificates by causing the Direct Participant to transfer the Participant's interest in the DTC Certificates, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Certificates to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Certificates at any time by giving reasonable notice to the Trustee or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Certificates are required to be printed and delivered.

The Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Certificates to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Certificates, will be required to withdraw its Certificates from DTC as described below.

### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

### **Book-Entry Ownership and Payment in Respect of DTC Certificates**

The Trustee may apply to DTC in order to have any Tranche of Certificates represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Certificate (as defined herein), the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and profit in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Certificate. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Trustee expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Trustee also expects that payments by Participants to beneficial owners of Certificates will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Delegate, the Principal Paying Agent, the Registrar or the Trustee. Payment of principal, premium, if any, and profit, if any, on Certificates to DTC is the responsibility of the Trustee.

### **Transfers of Certificates Represented by Global Certificates**

Transfers of any interests in Certificates represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Certificates represented by a Global Certificate to such persons may depend upon the ability to exchange such Certificates for Certificates in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Certificates represented by a Global Certificate accepted by DTC to pledge such Certificates to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Certificates may depend upon the ability to exchange such Certificates for Certificates in definitive form. The ability of any holder of Certificates represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Certificates may be impaired if the proposed transferee of

such Certificates is not eligible to hold such Certificates through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Certificates described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other hand, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Delegate, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Certificates of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Certificates of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Registrar, the Delegate, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Clearstream, Luxembourg or Euroclear accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Trustee, each Obligor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Certificates represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### General

The following is a general description of certain DIFC, Kuwait, EU and U.S. tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere. It is not intended and does not constitute tax advice. Prospective purchasers of Certificates are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Certificates, including, but not limited to, the consequences of receipt of payments under the Certificates and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Listing Particulars 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 authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Trustee under the Certificates are subject to any DIFC tax, whether by withholding or otherwise.

### Kuwait

This summary of taxation in Kuwait is based on the Kuwait Income Tax Decree No. 3 of 1955 (the "**Decree**"), as amended by Law No. 2 of 2008 "Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955" (the "**Amendment**"), the Executive Bylaws of the Amendment (the "**Regulations**"), and various ministerial resolutions and circulars relating thereto issued by the Ministry of Finance (the "**MOF**") (together, the "**Taxation Laws**") as interpreted and implemented by the MOF's Department of Income Tax ("**DIT**") as at the date of this Base Listing Particulars. Any subsequent changes in either the Taxation Laws or the interpretation or implementation of the same by the DIT may alter and affect this summary.

### Income tax

Under the Taxation Laws, income tax (at a flat rate of 15 per cent.) is levied on, *inter alia*, the net income and capital gains realised by any corporate entity (interpreted by the DIT to mean any form of company or partnership), wherever incorporated, that conducts business in Kuwait. However, the DIT to date has granted a concession to such corporate entities incorporated in Kuwait or in any other GCC country (being referred to in this Base Listing Particulars as GCC corporate entities) and has only imposed income tax on corporate entities which are not GCC corporate entities (being referred to in this Base Listing Particulars as non-GCC corporate entities) which, for the avoidance of doubt, include shareholders of GCC corporate entities which are themselves non-GCC corporate entities, in each case, conducting business in Kuwait. The following paragraphs in this section are therefore applicable only to non-GCC corporate entities. Pursuant to the Regulations, income generated from the lending of funds inside Kuwait is considered to be income realised from the conducting of business in Kuwait, and is therefore subject to income tax.

It is worth noting that pursuant to Law No. 22 of 2015 amending Law No. 7 of 2010 (the "**CMA Amendment**"), yields of securities, bonds, finance sukuk and all other similar securities regardless of the issuer thereof are exempt from taxation. Additionally, the tax exemptions provided under the CMA Amendment were acknowledged by a recent administrative resolution, Administrative Resolution No. 2028 of 2015, issued by the Minister of Finance (the Administrative Resolution, and the CMA Amendments, collectively the "**Tax Exemptions**"). Although the Tax Exemptions are yet to be tested, they appear to provide for a tax exemption to the Certificateholders.

However, given the lack of precedent in this regard, it is not possible to state definitively how the DIT and/or the Kuwaiti courts may implement or enforce the Tax Exemptions.

Individuals are not subject to any Kuwaiti income tax on their income or capital gains.



### ***Retention***

Under the Regulations, a Kuwaiti-based party making a payment (being referred to in this section as the payer) to any other party (being referred to in this section as the payee), wherever incorporated, is obliged to deduct five per cent. of the amount of each such payment until such time as the DIT issues a tax clearance certificate approving the release of such amount. Unlike with withholding tax, the payer is not required to transfer directly the deducted amount to the DIT immediately, but instead retains such amount and releases it either (i) to the payee upon presentation to the payer by such payee of a tax clearance certificate from the DIT confirming that the payee is not subject to or is exempt from income tax, or has realised a loss, or has paid or guaranteed the payment of its income tax; or (ii) in the absence of such a tax clearance certificate, to the DIT, on demand. According to a literal interpretation of the Regulations, payments which are subject to a deduction as described above would include principal and profit payments.

Although payments made by an Obligor would likely not be subject to retention because of the Tax Exemptions, there is a lack of guidance on this issue currently from the DIT, and as such, there is a remote possibility that retention could apply. Accordingly, an Obligor could be required to deduct five per cent. from every payment made by it to a Certificateholder, which amount would be released by the relevant Obligor upon presentation to it by the Certificateholder of a tax clearance certificate from the DIT.

The Tax Exemptions do not address the issue of whether or not there remains an obligation to effect a retention as specified above.

However, the Trustee and/or the Obligor(s), as the case may be, shall be able to rely on the provisions in the terms and conditions of the Certificates, which requires the Trustee and/or the Obligor(s), as the case may be, to gross up each payment by an amount equal to any retention, irrespective of whether a tax clearance certificate is presented or not.

### ***Other taxes***

Save as described above, all payments in respect of the Certificates may be made without withholding, deduction or retention for, or on account of, present taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Kuwait.

No stamp, registration or similar duties or taxes will be payable in Kuwait by holders of Certificates in connection with the issue or any transfer of the Certificates.

### **The Proposed Financial Transactions Tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

## **U.S. Federal Income Taxation**

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Certificates by a U.S. Holder (as defined below) that acquire such Certificates at initial issuance, that will hold the Certificates as capital assets within the meaning of Section 1221 of the Code, and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of the U.S. federal income tax consequences of every type of Certificate which may be issued under the Programme or the U.S. federal income taxation that may be relevant to the acquisition, ownership or disposition of Certificates by particular investors, including alternative minimum tax and Medicare contribution tax consequences. In particular, this summary does not address any U.S. federal income tax consequences other than income tax consequences, such as estate and gift tax consequences, and does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks and other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, persons holding Certificates through partnerships or other entities treated as fiscally transparent for U.S. federal income tax purposes, tax-exempt organisations, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Certificates as a result of such income being recognized on an applicable financial statement, persons who have ceased to be U.S. citizens or to be taxed as U.S. lawful permanent residents and persons that will hold the Certificates as part of straddles, hedging, conversion or other integrated transactions, or as part of a synthetic security or constructive sale transaction for U.S. federal income tax purposes).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Certificates that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organised 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.

If a partnership (or any other entity treated as fiscally transparent for U.S. federal income tax purposes) holds Certificates, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Certificates.

This summary is based on the tax laws of the United States including the Code, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF CERTIFICATES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF THE ALTERNATIVE MINIMUM TAX AND ANY STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.**

### *Classification of the Certificates*

The Trustee generally intends to treat Certificates issued under the Programme as debt. Certain Certificates, however, may be treated as equity or some other type of instrument for U.S. federal income tax purposes. The tax treatment of Certificates to which a treatment other than debt may apply will be discussed in a supplement to this Base Listing Particulars. Furthermore, the classification and treatment of amounts received on or in exchange for a Certificate that is treated as a contingent payment debt instrument is complex and depends upon facts and circumstances at the time the Certificate is issued and the precise terms and conditions of the Certificate. This summary does not discuss Certificates with a maturity of greater than 30 years, the impact of redenomination of a Certificate, and Certificates that by their terms may be retired for an amount less than their principal amount. The terms and material U.S. federal income tax treatment of certain Certificates such as Certificates treated as high profit Certificates, low profit Certificates, step-up Certificates, step-down Certificates, multi-currency Certificates and any other type of

Certificate that is subject to different U.S. federal income tax rules will be set out in a supplement to this Base Listing Particulars (if applicable). Investors are directed to review a further discussion of the terms of the Certificates in a relevant supplement to this Base Listing Particulars (if applicable).

### ***Pre-issuance accrued profit***

If a portion of the price paid for a Certificate is allocable to profit that accrued prior to the date the Certificate is issued ("**pre-issuance accrued profit**"), the Company intends to take the position that, on the first profit payment date, a portion of the profit received in an amount equal to any pre-issuance accrued profit will be treated as a return of the pre-issuance accrued profit and not as a payment of profit on the Certificate. A U.S. Holder's basis in a Certificate will not include the portion of purchase price allocable to the pre-issuance accrued profit. Amounts treated as a return of pre-issuance accrued profit should not be taxable when received. U.S. Holders should consult their own tax advisers with regard to the tax treatment of the pre-issuance accrued profit on a Certificate.

### ***Payment of profit***

Profit on a Certificate, whether payable in U.S. dollars or a currency other than U.S. dollars ("**foreign currency**" profit on a "**Foreign Currency Certificate**"), other than profit on a Discount Certificate that is not "qualified stated profit" (each as defined below under "*Original issue discount –General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Profit paid by the Trustee on the Certificates and original issue discount ("**OID**"), if any, accrued with respect to the Certificates (as described below under "*Original issue discount –General*") generally will constitute income from sources outside the United States for the purposes of the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Certificates (if applicable).

### ***Original issue discount***

#### ***General***

A Certificate, other than a Certificate with a term of one year or less (a "**Short-Term Certificate**"), generally will be treated as issued with OID (a "**Discount Certificate**") if the excess of the Certificate's stated redemption price at maturity over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Certificate's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated profit before maturity (an "**instalment obligation**") will be treated as a Discount Certificate if the excess of the Certificate's stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Certificate's stated redemption price at maturity multiplied by the weighted average maturity of the Certificate. A Certificate's weighted average maturity is the sum of the following amounts determined for each payment on a Certificate (other than a payment of qualified stated profit): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Certificate's stated redemption price at maturity. Generally, the issue price of a Certificate will be the first price at which a substantial amount of Certificates included in the issue of which the Certificate is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Certificate is the total of all payments provided by the Certificate that are not payments of qualified stated profit. A "**qualified stated profit**" payment generally is any one of a series of stated profit payments on a Certificate that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described under "*–Variable Profit Rate Certificates*"), applied to the outstanding principal amount of the Certificate (qualified stated profit). Solely for the purposes of determining whether a Certificate has OID, the Trustee will be deemed to exercise any call option that has the effect of decreasing the yield on the Certificate, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Certificate. If a Certificate has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Certificate, unless the U.S. Holder makes the election described under "*–Election to treat all profit as original issue discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Certificate's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Certificate.

U.S. Holders of Discount Certificates must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Certificates. The amount of OID includible in income by a U.S. Holder of a Discount Certificate is the sum of the daily portions of OID with respect to the Discount Certificate for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Certificate ("**accrued OID**"). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Certificate may be of any length selected by the U.S. Holder and may vary in length over the term of the Certificates as long as: (i) no accrual period is longer than one year; and (ii) each scheduled payment of profit or principal on the Certificate occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of: (a) the product of the Discount Certificate's adjusted issue price at the beginning of the accrual period and the Discount Certificate's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated profit on the Certificate allocable to the accrual period. The adjusted issue price of a Discount Certificate at the beginning of any accrual period is the issue price of the Certificate increased by: (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Certificate that were not qualified stated profit payments.

#### *Acquisition premium*

A U.S. Holder that purchases a Discount Certificate for an amount less than or equal to the sum of all amounts payable on the Certificate after the purchase date, other than payments of qualified stated profit, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described under "*–Election to Treat All Profit as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Certificate immediately after its purchase over the Certificate's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Certificate after the purchase date, other than payments of qualified stated profit, over the Certificate's adjusted issue price.

#### *Election to treat all profit as original issue discount*

A U.S. Holder may elect to include in gross income all profit that accrues on a Certificate using the constant yield method described above under "*Original issue discount–General*", with certain modifications. For the purposes of this election, profit includes stated profit, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated profit, as adjusted by any amortisable bond premium (described under "*–Certificates purchased at a premium*") or acquisition premium. If a U.S. Holder makes this election for the Certificate, then, when the constant yield method is applied the issue price of the Certificate will equal its cost, the issue date of the Certificate will be the date of acquisition, and no payments on the Certificate will be treated as payments of qualified stated profit. This election generally will apply only to the Certificate with respect to which it is made and may not be revoked without the consent of the United States Internal Revenue Service ("**IRS**"). However, if the Certificate has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against profit for all debt instruments with amortisable bond premium (other than debt instruments, the profit on which is excludible from gross income) held as at the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all profit on a Certificate is made with respect to a Market Discount Certificate (as defined below under "*–Market discount*"), the electing U.S. Holder will be treated as having made the election discussed under "*–Market discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the advisability and consequences of making this election.

#### *Variable Profit Rate Certificates*

Certificates that provide for profit at variable rates ("**Variable Profit Rate Certificates**") generally will bear profit at a qualified floating rate and thus will be treated as variable rate debt instruments under the U.S. Treasury regulations governing accrual of OID. A Variable Profit Rate Certificate will qualify as a variable rate debt instrument if: (i) its issue price does not exceed the total non-contingent principal payments due under the Variable Profit Rate Certificate by more than a specified *de minimis* amount; (ii) it provides for stated profit, paid or compounded at least annually, at: (a) one or more qualified floating rates; (b) a single fixed rate and one or more qualified floating rates; (c) a single objective rate; or (d) a single

fixed rate and a single objective rate that is a qualified inverse floating rate; and (iii) it does not provide for any principal payments that are contingent (other than as described in (i) above).

A qualified floating rate is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Profit Rate Certificate is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Profit Rate Certificate (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Profit Rate Certificate's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Certificate.

An objective rate is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Trustee (or a related party) or that is unique to the circumstances of the Trustee (or a related party), such as dividends, profits or the value of the Trustee's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Trustee). Other variable profit rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of profit on a Variable Profit Rate Certificate will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Profit Rate Certificate's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Profit Rate Certificate's term. A qualified inverse floating rate is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Profit Rate Certificate provides for stated profit at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Profit Rate Certificate's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a current value of that rate. A current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Profit Rate Certificate that provides for stated profit at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a variable rate debt instrument, then any stated profit on the Certificate which is unconditionally payable in cash or property (other than debt instruments of the Trustee) at least annually will constitute qualified stated profit and will be taxed accordingly. Thus, a Variable Profit Rate Certificate that provides for stated profit at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a variable rate debt instrument generally will not be treated as having been issued with OID unless the Variable Profit Rate Certificate is issued at a true discount (i.e., at a price below the Certificate's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Profit Rate Certificate arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to: (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Profit Rate Certificate.

In general, any other Variable Profit Rate Certificate that qualifies as a variable rate debt instrument will be converted into an equivalent fixed rate debt instrument for the purposes of determining the amount and

accrual of OID and the qualified stated profit on the Variable Profit Rate Certificate. Such a Variable Profit Rate Certificate must be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Profit Rate Certificate with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as at the Variable Profit Rate Certificate's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Profit Rate Certificate is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Profit Rate Certificate. In the case of a Variable Profit Rate Certificate that qualifies as a variable rate debt instrument and provides for stated profit at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Profit Rate Certificate provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Profit Rate Certificate as at the Variable Profit Rate Certificate's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Profit Rate Certificate is converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Variable Profit Rate Certificate is converted into an equivalent fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated profit, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument and a U.S. Holder of the Variable Profit Rate Certificate will account for the OID and qualified stated profit as if the U.S. Holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated profit or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of profit accrued or paid on the Variable Profit Rate Certificate during the accrual period.

#### *Short-Term Certificates*

In general, an individual or other cash basis U.S. Holder of a Short-Term Certificate is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated profit in income as the profit is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Certificates on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Certificate will be ordinary income to the extent of the OID accrued on a straight line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Certificates will be required to defer deductions for profit on borrowings allocable to Short-Term Certificates in an amount not exceeding the deferred income until the deferred income is realised.

For the purposes of determining the amount of OID subject to these rules, all profit payments on a Short-Term Certificate are included in the Short-Term Certificate's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Certificate as if the Short-Term Certificate had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Certificate. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Market discount*

A Certificate, other than a Short-Term Certificate, that is not acquired at its original issue generally will be treated as purchased at a market discount (a "**Market Discount Certificate**") if the Certificate's stated redemption price at maturity or, in the case of a Discount Certificate, the Certificate's revised issue price, exceeds the amount for which the U.S. Holder purchased the Certificate by at least 0.25 per cent. of the Certificate's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Certificate's maturity (or, in the case of a Certificate that is an instalment obligation, the Certificate's weighted average maturity). If this excess is not sufficient to cause the

Certificate to be a Market Discount Certificate, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Certificate generally equals its issue price, increased by the amount of any OID that has accrued on the Certificate and decreased by the amount of any payments previously made on the Certificate that were not qualified stated profit payments.

Any gain recognised on the maturity or disposition of a Market Discount Certificate (including any payment on a Certificate that is not qualified stated profit) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Certificate. Alternatively, a U.S. Holder of a Market Discount Certificate may elect to include market discount in income currently over the life of the Certificate. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Certificate that does not elect to include market discount in income currently generally will be required to defer deductions for profit on borrowings incurred to purchase or carry a Market Discount Certificate that is in excess of the profit and OID on the Certificate includible in the U.S. Holder's income, to the extent that this excess profit expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Certificate was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This constant yield election applies only to the Market Discount Certificate with respect to which it is made and is irrevocable.

#### *Certificates purchased at a premium*

A U.S. Holder that purchases a Certificate for an amount in excess of its principal amount (or, for a Discount Certificate, its stated redemption price at maturity) may elect to treat the excess as amortisable bond premium, in which case the amount required to be included in the U.S. Holder's income each year with respect to profit on the Certificate will be reduced by the amount of amortisable bond premium allocable (based on the Certificate's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds, (other than bonds, the profit on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Please see also "*Election to treat all profit as original issue discount*". A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will generally recognise a capital loss when the Certificate matures.

#### *Purchase, sale and retirement of certificates*

A U.S. Holder's tax basis in a Certificate generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Certificate and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Certificate, and reduced by: (i) the amount of any payments that are not qualified stated profit payments; and (ii) the amount of any amortisable bond premium applied to reduce profit on the Certificate.

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Certificate equal to the difference between the amount realised on the sale or retirement and the tax basis of the Certificate. Amounts realised on the sale or retirement of a Certificate are taxable as profit income to the extent of accrued but unpaid profit not previously included in income. Except to the extent described under "*Original issue discount –Market Discount*" or "*Original issue discount –Short-Term Certificates*" or attributable to accrued but unpaid profit or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Certificate will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Certificates are held for more than one year. The deductibility of capital losses is subject to significant limitations.

#### *Benchmark Event*

Certain terms of the Certificates relating to a Benchmark Event could be viewed as contingencies that affect the amount of payments for purposes of the contingent payment debt instrument rules. The Trustee intends

to take the position that these terms do not cause the Certificates to be contingent payment debt instruments. This determination, however, is not binding on the IRS and if the IRS were to successfully challenge this determination, a U.S. Holder may be subject to the rules discussed below (as described under "*Contingent payment debt instruments*"). U.S. Holders should consult with their tax advisers about the potential impact of these terms in their particular circumstances.

It is possible that a Benchmark Event could be treated as a deemed disposition of Certificates by a U.S. Holder in exchange for new certificates. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new certificates (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Certificates. Depending on their issue price, the new certificates may be issued with OID or premium for U.S. federal income tax purposes. Please see "*Original issue discount – General*" and "*Original issue discount – Certificates purchased at a premium*" for a discussion of these rules. Recently released proposed Treasury regulations generally would increase the number of circumstances in which the modification of the terms of a debt instrument will not be treated as a taxable deemed exchange for U.S. federal income tax purposes. Although the proposed Treasury regulations generally will not be effective until the date of publication of a Treasury decision adopting these rules as final regulations in the Federal Register, a taxpayer generally is permitted to elect to rely on these provisions currently so long as the taxpayer and its related parties consistently apply these proposed Treasury regulations prior to that date. U.S. Holders should consult with their tax advisers regarding the potential applicability of these rules to their particular situations.

### ***Contingent payment debt instruments***

If the terms of the Certificates provide for certain contingencies that affect the timing and amount of payments (including Certificates with a variable rate or rates that do not qualify as "variable rate debt instruments" for the purposes of the OID rules), the Certificates generally will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Certificates qualifies as qualified stated profit. Rather, a U.S. Holder must account for profit for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Certificate and the Certificate's "projected payment schedule" as described below. The comparable yield is determined by the Trustee at the time of issuance of the Certificates. The comparable yield may be greater than or less than the stated profit, if any, with respect to the Certificates. Solely for the purpose of determining the amount of profit that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Trustee will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield. The Trustee's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

**Neither the comparable yield nor the projected payment schedule constitutes a representation by the Trustee or the Trustee regarding the actual amount, if any, that the contingent payment debt instrument will pay.**

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Trustee in determining profit accruals and adjustments unless the U.S. Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, will be required to accrue profit on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognize profit equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of profit in respect of the contingent payment debt instrument that a Holder would otherwise be required to include in income in the taxable year; and



- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
  - the amount of all previous profit inclusions under the contingent payment debt instrument over
  - the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the limitations imposed on miscellaneous deductions (which generally cannot be deducted in taxable years beginning prior to 1 January 2026 and are subject to a 2 per cent. floor limitation for subsequent taxable years). Any net negative adjustment in excess of the amounts described above will be carried forward to offset future profit in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of profit or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Certificate that is a contingent payment debt instrument generally will be the acquisition cost of the Certificate, increased by the profit previously accrued by the U.S. Holder on the Certificate under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Certificate. A U.S. Holder generally will treat any gain as profit, and any loss as ordinary loss to the extent of the excess of previous profit inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a U.S. Holder recognises loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS (as described under "*Taxation – United States Federal Income Taxation – reporting requirements*").

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The U.S. Holder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments the payments of profit or principal on which are denominated in or determined by reference to a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, Foreign Currency Contingent Payment Debt Instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Contingent Payment Debt Instruments.

### ***Foreign currency Certificates***

#### ***Profit***

If a profit payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the profit payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a profit payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the profit accrual period (or, in the case of an accrual period that spans two taxable years of a U.S.

Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of profit is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued profit into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of a profit payment (including a payment attributable to accrued but unpaid profit upon the sale or retirement of a Certificate) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *OID*

OID for each accrual period on a Discount Certificate that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated profit accrued by an accrual basis U.S. Holder, as described above under "*Profit*". Upon receipt of an amount attributable to OID (whether in connection with a payment on the Certificate or a sale of the Certificate), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Market discount*

Market Discount on a Certificate that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued profit or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Certificate, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond premium*

Bond premium (including acquisition premium) on a Certificate that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce profit income in units of the foreign currency.

On the date bond premium offsets profit income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Certificates were acquired by the U.S. Holder.

#### *Purchase, sale and retirement of Certificates*

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Certificate equal to the difference between the amount realised on the sale or retirement and its tax basis in the Certificate. A U.S. Holder's tax basis in a Foreign Currency Certificate will be determined by reference to the U.S. dollar cost of the Certificate. The U.S. dollar cost of a Certificate purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Certificates traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Certificates traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Certificate equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Certificate: (i) on the date of sale or retirement; and (ii) on the date on which the U.S. Holder acquired the Certificate. Any exchange rate gain or loss recognised on the sale or retirement of a Certificate (including any exchange rate gain or loss with respect to the receipt of accrued but unpaid profit and OID in the transaction) shall be realised only to the extent of the total gain or loss realised on the transaction.

#### *Disposition of foreign currency*

Foreign currency received as profit on a Certificate or on the sale or retirement of a Certificate will have a tax basis equal to its U.S. dollar value at the time the profit is received or at the time of the sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Certificates or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

#### *Backup withholding and information reporting*

In general, payments of principal, profit and accrued OID on, and the proceeds of a sale, exchange, redemption or other disposition of, Certificates, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary, may be subject to information reporting to the IRS. Backup withholding in respect of such payments will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status to a paying agent or other intermediary or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS in the manner required.

#### *Other reporting requirements*

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS by attaching Form 8886 to its tax return and retaining a copy of all documents and records relating to the transaction. The scope and application of these rules is not entirely clear and whether an investment in a Certificate constitutes a "reportable transaction" for any holder depends on the holder's particular circumstances. For example, a U.S. Holder may be required to treat a foreign currency exchange loss from the Certificates as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of Certificates constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of Certificates and should be aware that the Group (or other participants in the transaction) may determine that the investor list maintenance requirement applies to the transaction and comply accordingly with this requirement.

**U.S. Holders should consult their own tax advisers regarding any filing or reporting requirements that may apply to their purchase, ownership and disposition of Certificates. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.**

**The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a U.S. Holder's particular situation. U.S. Holders should**

**consult their tax advisors with respect to the tax consequences to them of the ownership and disposition of the Certificates, including the tax consequences under state, local, foreign 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 Listing Particulars) to persons that fail to meet certain certification, reporting or related requirements. The Trustee is a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register (the "**grandfathering date**") generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts or indemnify any person as a result of any FATCA withholding.

## CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), impose certain restrictions on: (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) that are subject to Part 4, Title I of ERISA; (ii) "plans" (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans (together with (i), "**Plans**"); (iii) persons or entities whose underlying assets include, or are deemed to include under the U.S. Department of Labor (the "**DOL**") regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), for purposes of Title I of ERISA or Section 4975 of the Code, "plan assets" by reason of a Plan's investment in such persons or entities (each of (i)-(iii), a "**Benefit Plan Investor**"); and (iv) persons who have certain specified relationships to a Plan, including the Plan's fiduciaries and other service providers ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code; collectively, "**Parties in Interest**"). ERISA also imposes certain duties on persons who are fiduciaries of Plans that are subject to Title I of ERISA, and Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and Parties in Interest. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving the assets of a Benefit Plan Investor and Parties in Interest, unless a statutory or administrative exemption is available. Parties in Interest that participate in a non-exempt prohibited transaction may be subject to penalties imposed under ERISA and/or excise taxes imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. In addition, the fiduciary of the Benefit Plan Investor that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

"Governmental plans" (as defined in Section 3(32) of ERISA), "church plans" (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code, non-U.S. plans (as described in Section 4(b)(4) of ERISA) and other plans that are not Benefit Plan Investors, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"). Accordingly, fiduciaries on any such plans should consult with their counsel before purchasing the Certificates (or any interest therein).

The Plan Asset Regulation sets out the standards that will apply for determining what constitutes the assets of a Benefit Plan Investor with respect to the Benefit Plan Investor's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Benefit Plan Investor invests in an "**equity interest**" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Benefit Plan Investor's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "**significant**". The Plan Assets 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" (as defined in paragraph (f)(3) of the Plan Asset Regulation) thereof. If the assets of the Trust were deemed to be assets of a Benefit Plan Investor or "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code, the Trustee, and any other party with discretionary control over such assets, would be subject to certain fiduciary obligations under ERISA and certain transactions that the Trust might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Accordingly, each initial purchaser and subsequent transferee of the Certificates (or any interest therein) and each subsequent transferee will be deemed to have represented, warranted and agreed, by its purchase or holding of Certificates (or any interest therein), that: (A) it is not, and is not acting on behalf of (and for so long as it holds Certificates (or any interest therein) will not be, and will not be acting on behalf of): (i) a Benefit Plan Investor; or (ii) a governmental, church, non-U.S. or other plan that is subject to Similar Law, unless, under this subsection (ii), its acquisition, holding and disposition of the Certificates (or any

interest therein) will not constitute or result in a violation of any Similar Law; and (B) it and any person causing it to acquire any of the Certificates (or any interest therein) agrees to indemnify and hold harmless the Trust, the Trustee Administrator, the Trustee, the Obligors, the Arrangers and the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a plan subject to any Similar Law. Each fiduciary of a Similar Law plan should consult with its legal or other advisors concerning the potential consequences to the plan under any applicable Similar Law of an investment in the Certificates (or any interest therein). This Base Listing Particulars 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 an amended and restated programme agreement (the "**Programme Agreement**") dated 10 March 2020, agreed with the Trustee and the Obligors a basis upon which they or any of them may from time to time agree to purchase Certificates for their own account or for resale to investors and other purchasers at varying pricing relating to prevailing market prices at the time of resale as determined by any Dealer or for resale at a fixed offering price. Any such agreement will extend to those matters stated under "*Form of the Certificates*" and "*Terms and Conditions of the Certificates*".

In accordance with the terms of the Programme Agreement, the Trustee (failing which, EQUATE and TKOC) has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

A Dealer may sell the Certificates it has purchased from the Trustee as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with such purchase. Such Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. The Dealers may propose initially to offer the Certificates at the issue price set forth in the applicable Pricing Supplement. After the initial offering of the Certificates, the issue price (in the case of the Certificates to be resold at a fixed offering price), the concession and the re-allowance may be changed.

In order to facilitate the offering of any Tranche of the Certificates, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Certificates during and after the offering of the Tranche. Specifically, such persons may create a short position in the Certificates for their own account by selling more Certificates than have been sold to them by the Trustee. Such persons may also elect to cover any such short position by purchasing Certificates in the open market. In addition, such persons may stabilise or maintain the price of the Certificates by bidding for or purchasing Certificates in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Certificates are reclaimed if Certificates previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Certificates to the extent that it discourages re-sales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations, stabilising activities may only be carried on by the Stabilisation Manager(s) named in the relevant subscription agreement (or persons acting on behalf of any Stabilisation Manager(s)) or, as the case may be, named in the relevant Pricing Supplement, and only for a limited period following the Issue Date of the relevant Tranche of Certificates.

Certain of the Dealers and their affiliates are also lenders to the Group, including pursuant to the Facility Agreement (as defined in "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Indebtedness and Financing Strategy of the Group*") and the proceeds of the Certificates may be partially or wholly used for the refinancing of the Group's existing indebtedness including under its Facility Agreement (see "*Use of Proceeds*"). Moreover, certain of the Dealers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Trustee, the Obligors or their respective affiliates (including, without limitation, in respect of the Facility Agreement). They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligors or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Obligors or their respective affiliates routinely hedge their credit exposure to the Trustee, the Obligors or their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Trustee's, the Obligors' or their respective affiliates' securities, including potentially the Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Certificates offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of

such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Transfer Restrictions**

*As a result of the following restrictions, purchasers of Certificates in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Certificates.*

Each purchaser of Certificates (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB that is also a QP, purchasing (or holding) the Certificates for its own account or for the account of one or more QIBs that are also QPs in a minimum principal amount, in each case, of U.S.\$200,000 (or the equivalent amount in a foreign currency) and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is an Institutional Accredited Investor purchasing (or holding) the Certificates for its account or for the account of an Institutional Accredited Investor in a minimum principal amount, in each case, of U.S.\$500,000 (or the equivalent amount in a foreign currency) and which has delivered an IAI Investment Letter to the Registrar that is also a QP; or (c) it is outside the United States and is not a U.S. person;
- (ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers;
- (iii) that it is not formed for the purpose of investing in the Trustee;
- (iv) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Certificates;
- (v) that it understands that the Trustee may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (vi) that the Certificates are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Certificates and the Master Trust Deed have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, accordingly, the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except as set forth below;
- (vii) that, unless it holds an interest in an Unrestricted Global Certificate and is a non-U.S. person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Certificates or any beneficial interests in the Certificates, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act: (a) to the Trustee or any affiliate thereof; (b) inside the United States to a person whom the seller reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP in a transaction meeting the requirements of Rule 144A; (c) to an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is also a QP in a private placement exempt from the registration requirements under the Securities Act; (d) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (e) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or any other available exemption from the registration requirement of the Securities Act; or (f) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (viii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Certificates from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;



- (ix) that Certificates initially offered in the United States to QIBs that are also QPs will be represented by one or more Restricted Global Certificates, that Certificates offered to Institutional Accredited Investors that are also QPs will be in the form of Definitive IAI Restricted Certificates and that Certificates offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates;
- (x) that it understands that the Trustee has the power to compel any beneficial owner of Certificates represented by a Restricted Global Certificate that is a U.S. person and is not a QIB that is also a QP to sell its interest in such Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honour the transfer of an interest in any Restricted Global Certificate to a U.S. person who is not a QIB that is also a QP. Any purported transfer of an interest in a Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xi) that it understands that the Trustee has the power to compel any beneficial owner of Definitive IAI Restricted Certificates that is a U.S. person and is not an Institutional Accredited Investor that is also a QP to sell its interest in such Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honour the transfer of a Definitive IAI Restricted Certificate to a U.S. person who is not an Institutional Accredited Investor that is also a QP. Any purported transfer of an Individual Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xii) that (a) it is not and is not acting on behalf of: (i) a Plan, or (ii) a governmental, church or non-U.S. plan or entity whose underlying assets are deemed to include the assets of any such plan, unless, under this subsection (ii), the purchase and holding of the Certificate would not result in a violation of any Similar Law or subject the Trust or any transaction thereby to any such Similar Law and (b) it will not sell or otherwise transfer any Certificates or interest to any person unless the same foregoing representations and warranties apply to that person;
- (xiii) that the Certificates in registered form, other than the Unrestricted Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the Trustee:

"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, NONE OF THE TRUSTEE OR ANY OBLIGOR HAS REGISTERED OR INTENDS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT: (1) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "**QIB**") THAT IS ALSO A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT (A "**QP**"), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS THAT ARE QPS IN A MINIMUM PRINCIPAL AMOUNT, IN EACH CASE, OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY); OR (2) IT IS AN INSTITUTIONAL "**ACCREDITED INVESTOR**" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**") THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$500,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) AND THAT IT IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE TRUSTEE; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE TRUSTEE OR AN AFFILIATE OF THE TRUSTEE WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (1) TO THE TRUSTEE OR ANY AFFILIATE THEREOF;

(2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS: (I) A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; OR (II) AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL INVESTOR THAT IS ALSO A QP; (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT ("**RULE 144**") (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY.

ANY REALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP, THE TRUSTEE MAY: (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO: (I) IS A U.S. PERSON WHO IS A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT; OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S; OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE TRUSTEE AT A PRICE EQUAL TO THE LESSER OF: (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE; (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF; OR (Z) THE FAIR MARKET VALUE THEREOF. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE. NONE OF THE TRUSTEE OR ANY OBLIGOR HAS REGISTERED AND NONE OF THEM INTENDS TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

BY ACCEPTING THIS CERTIFICATE (OR ANY INTEREST HEREIN) EACH BENEFICIAL OWNER HEREOF, AND EACH FIDUCIARY ACTING ON BEHALF OF THE BENEFICIAL OWNER (BOTH IN ITS INDIVIDUAL AND CORPORATE CAPACITY), WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT: (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF): (i) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (ii) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**CODE**")), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (iii) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE

DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (EACH OF (i)-(iii), A "**BENEFIT PLAN INVESTOR**"), OR (iv) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), UNLESS, UNDER THIS SUBSECTION (iv), ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW; AND (B) IT AND ANY PERSON CAUSING IT TO ACQUIRE THIS CERTIFICATE (OR ANY INTEREST HEREIN) SHALL INDEMNIFY AND HOLD HARMLESS THE TRUST, THE TRUSTEE ADMINISTRATOR, THE TRUSTEE, THE OBLIGORS, THE ARRANGERS AND THE DEALERS AND THEIR RESPECTIVE AFFILIATES FROM ANY COST, DAMAGE OR LOSS INCURRED BY THEM AS A RESULT OF IT BEING OR BEING DEEMED TO BE A BENEFIT PLAN INVESTOR OR A PLAN SUBJECT TO ANY SIMILAR LAW. NO PURCHASE BY OR TRANSFER TO A BENEFIT PLAN INVESTOR OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) WILL BE EFFECTIVE, AND NEITHER THE TRUSTEE NOR THE DELEGATE WILL RECOGNISE ANY SUCH ACQUISITION OR TRANSFER.

THE TRUSTEE MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB THAT IS ALSO A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (xiv) that the Certificates in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Trustee:

"UNLESS THIS GLOBAL CERTIFICATE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("**DTC**"), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE

TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

- (xv) if it holds an interest in an Unrestricted Global Certificate, that if it should resell or otherwise transfer the Certificates prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Certificates of the Tranche of which it forms part, as determined and certified by the relevant Dealer or lead manager), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB that is also a QP in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Unrestricted Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Trustee:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE CERTIFICATES OF THE TRANCHE OF WHICH THIS CERTIFICATE FORMS PART."; and

- (xvi) that the Trustee, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Trustee; and if it is acquiring any Certificates as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Please see "*Form of the Certificates*".

Institutional Accredited Investors that are also QPs who purchase Certificates offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter and will only be entitled to receive Definitive IAI Restricted Certificates.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of this Base Listing Particulars and such other information as it deems necessary in order to make its investment decisions;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Certificates is subject to certain restrictions and conditions set forth in this Base Listing Particulars and the Certificates (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Certificates except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Certificates;
- (iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is also a qualified purchaser within the meaning of Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Certificates, and

it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

- (v) that the Institutional Accredited Investor is acquiring the Certificates purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor that is also a QP) as to each of which it exercised sole investment discretion and not with a view to any distribution of the Certificates, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that, in the event that the Institutional Accredited Investor purchases Certificates, it will acquire Certificates having a minimum purchase price of at least U.S.\$500,000 (or the equivalent amount in a foreign currency).

No sale of Legended Certificates in the United States to any one purchaser will be for less than U.S.\$200,000 (or the equivalent amount in a foreign currency) principal amount or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (or the equivalent amount in a foreign currency) principal amount and no Legended Certificate will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the equivalent amount in a foreign currency) or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (or the equivalent amount in a foreign currency) principal amount of Certificates.

### **Selling Restrictions**

#### ***Dubai International Financial Centre***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (i) an "**Exempt Offer**" in accordance with the Markets 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 Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(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 Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

#### ***Japan***

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the

Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised 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 Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person's principal place of residence; or
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

### ***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 1-104-2019 dated 30 September 2019 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority to carry on the securities activity of arranging and following a notification to the Capital Market Authority under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 15 of the KSA Regulations.

### ***Malaysia***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) this Base Listing Particulars has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"); and

- (ii) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

### *Singapore*

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Listing Particulars 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 Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Listing Particulars and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (A) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37(A) of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### *State of Kuwait*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Certificates will be offered in Kuwait unless all necessary approvals from the Kuwait Capital Markets Authority pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing, and sale, of the Certificates.

***State of Qatar (including the Qatar Financial Centre)***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Listing Particulars (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***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: (i) the Certificates may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland; (ii) neither this Base Listing Particulars nor any other offering or marketing material relating to the Certificates constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations; and (iii) neither this Base Listing Particulars nor any other offering or marketing material relating to the Certificates may be publicly distributed or otherwise made publicly available in Switzerland.

***United Arab Emirates (excluding the Dubai International Financial Centre)***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Certificates which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligors; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

***United States***

Each Dealer acknowledges, and each further Dealer appointed under the Programme will be required to acknowledge, that the Certificates 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 Programme will be required to represent and agree, that it has not offered and sold and shall not offer and sell Certificates of any Series: (i) as part of their distribution at any time; and (ii) otherwise until 40 days after the completion of the distribution of all Certificates of the tranche of which such Certificates are a part, as determined and certified by the relevant Dealer, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, neither it, nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Certificates, and it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer agrees that at or prior to confirmation of sale of Unrestricted Global Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Certificates covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of Certificates of which such Certificates are a part, as determined and certified by the relevant Dealer 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 Programme will be required to represent and agree, that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with any offer and sale of the Certificates in the United States.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it is a QIB that is also a QP. Each Dealer may, through its respective U.S. registered broker-dealer affiliates, arrange for the offer and resale of the Certificates in the United States only to QIBs that are also QPs or to Institutional Accredited Investors that are also QPs in a transaction not involving any public offering.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold and will offer and sell the Certificates in the United States only to persons: (i) whom it reasonably believes are QIBs that are also QPs; or (ii) who are Institutional Accredited Investors that are also QPs who, in the case of both (i) and (ii) can represent that: (A) they are either QIBs that are also QPs, or Institutional Accredited Investors that are also QPs, as the case may be; (B) they are not broker-dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (C) they are not a participant-directed employee plan, such as a 401(k) plan; (D) they are acting for their own account, or the account of one or more QIBs or Institutional Accredited Investors, as the case may be, each of which is a QP; (E) they are not formed for the purpose of investing in the Trustee; (F) each account for which they are purchasing will hold and transfer, in the case of QIBs that are also QPs at least U.S.\$200,000 in principal amount of Certificates, and in the case of Institutional Accredited Investors that are also QPs at least U.S.\$500,000 in principal amount of Certificates at any time; (G) they understand that the Trustee may receive a list of participants holding positions in its

securities from one or more book-entry depositories; and (H) they will provide notice of the transfer restrictions set forth in this Base Listing Particulars to any subsequent transferees.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, nor any of its affiliates nor any person acting on its or their behalf has entered into and will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of Certificates, except with its affiliates or with the prior written consent of the Trustee and EQUATE.

Until 40 days after the commencement of the offering of any Series of Certificates, an offer or sale of such Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

To the extent that the Trustee is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Trustee has agreed to furnish to holders of Certificates and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Dealers may also arrange for the resale of Certificates to persons who are Institutional Accredited Investors who execute and deliver to the Registrar an IAI Investment Letter and are QPs. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Certificates will be issued in definitive registered form.

#### ***General***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will, to the best of its knowledge and belief, comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Listing Particulars and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Trustee, the Obligors nor any of the other Dealers shall have any responsibility therefor.

None of the Trustee, the Obligors or any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Trustee, the Obligors and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issuance of the Certificates thereunder was authorised by a resolution of the shareholders of EQUATE dated 22 January 2020 and the board of directors of EQUATE dated 5 February 2020. The update of the Programme, the issuance of the Certificates thereunder and the giving of the guarantee under the Master Trust Deed was authorised by a resolution of the shareholders of TKOC dated 22 January 2020 and the board of directors of TKOC dated 5 February 2020.

The update of the Programme and the issuance of the Certificates thereunder was authorised by a resolution of the board of directors of the Trustee dated 6 February 2020.

The Trustee and the Obligors have obtained or will obtain from time to time, all necessary consents, approvals and authorisations in connection with the issue and performance of the Certificates or the Guarantee, as the case may be.

### Listing of the Certificates

It is expected that each Tranche of Certificates (other than Exempt Certificates) which is to be admitted to listing on the Official List and to trading on the Global Exchange Market will be admitted separately as and when issued, subject only to the issue of a Global Certificate or Certificates initially representing the Certificates of such Tranche. Application has been made to Euronext Dublin for the approval of this document as Base Listing Particulars and for Certificates issued under the Programme to be admitted to the Official List and to trading on the Global Exchange Market. The Global Exchange Market is not a regulated market for the purposes of MiFID II. The approval of the Programme in respect of such Certificates is expected to be granted on or around 10 March 2020.

### Documents Available

For as long as the Certificates issued under the Programme are listed on the Official List and admitted to trading on the Global Exchange Market, copies of the following documents will, when published, be available for inspection in physical form from the registered office of the Trustee and from the specified office of the Principal Paying Agent for the time being in London:

- (i) the constitutional documents of the Trustee, EQUATE and TKOC (with a direct and accurate English translation thereof), as the same may be updated from time to time;
- (ii) the Financial Statements (as defined in "*Presentation of Financial and Other Information*");
- (iii) the Transaction Documents;
- (iv) a copy of this Base Listing Particulars and any supplements thereto (and any other documents incorporated therein by reference); and
- (v) any future listing particulars, offering circulars and information memoranda, including any Pricing Supplement to this Base Listing Particulars (and any other documents incorporated herein or therein by reference) (provided that, in the case of any such documents relating to Certificates which are not admitted to listing or trading on any stock exchange, copies of such documents will only be available for inspection by the holder of the Certificates to which such documents relate).

### Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Trustee may make an application for any Certificates to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Certificates and the CUSIP and/or CINS numbers for each Tranche of such Certificates, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States.

#### **Legal Entity Identifier (LEI)**

The LEI code of the Trustee is 635400Z3EZF2GJPTDR68. The LEI code of EQUATE is 635400J73BDO4TTGXD45. The LEI code of TKOC is 635400GQEESNCEDFUK41.

#### **Significant or Material Change**

There has been no significant change in the financial position or trading position of the Trustee, and there has been no material adverse change in the prospects of the Trustee, in each case since its incorporation on 13 October 2016.

There has been no significant change in the financial position or trading position of EQUATE and its Subsidiaries (taken as a whole), and there has been no material adverse change in the prospects of EQUATE, in each case since 31 December 2019.

There has been no significant change in the financial position or trading position of TKOC, and there has been no material adverse change in the prospects of TKOC, in each case since 31 December 2019.

#### **Legal Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) in the 12 months preceding the date of this Base Listing Particulars which may have, or have in such period had, a significant effect on the financial position or profitability of the Trustee.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) in the 12 months preceding the date of this Base Listing Particulars which may have, or have in such period had, a significant effect on the financial position or profitability of EQUATE or any of its subsidiaries.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) in the 12 months preceding the date of this Base Listing Particulars which may have, or have in such period had, a significant effect on the financial position or profitability of TKOC.

#### **Independent Auditors**

The current independent auditors to each of the Obligors are KPMG Safi whose registered business address is at Al Hamra Tower, 25th Floor, Abdulaziz Al Saqr Street, P.O. Box 24, Safa 13001, Kuwait. KPMG Safi is licensed by the Saudi Organisation for Certified Public Accountants.

The Combined Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by KPMG Safi as stated in their respective audit reports, which are incorporated by reference in this Base Listing Particulars. These audit reports include an emphasis of matter paragraph drawing attention to note 1 (*Reporting entity*) and note 2 (*Basis of preparation*) to the Combined Financial Statements which describe the basis of preparation of the Combined Financial statements, including the approach to and purpose of preparing them (see "*Information Incorporated by Reference*").

The EQUATE Audited Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by KPMG Safi as stated in their respective audit reports, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

The TKOC Audited Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by KPMG Safi as stated in their respective audit reports, which are incorporated by reference in this Base Listing Particulars (see "*Information Incorporated by Reference*").

#### **Certificates Having a Maturity of Less Than One Year**

Where Certificates have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of

Section 19 of the FSMA, such Certificates must have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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.

#### **Conditions for Determining Price and Yield**

The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, the Obligors and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Certificates, the issue price may include accrued profit in respect of the period from the profit commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if profit payment dates have already passed, the most recent profit payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Certificates will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

#### **Dealers transacting with the Trustee and the Obligors**

Certain of the Dealers and their affiliates have engaged in, or may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Trustee, the Obligors or their respective affiliates (including, without limitation, in respect of the Facility Agreement). They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligors or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Obligors or their respective affiliates routinely hedge their credit exposure to the Trustee, the Obligors or their respective affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Trustee's, the Obligors' or their respective affiliates' securities, including potentially the Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Certificates offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. See also "*Subscription and Sale and Transfer and Selling Restrictions*".

#### **Shari'a Boards**

The transaction structure relating to the Certificates (as described in this Base Listing Particulars) has been approved by the Shariah Advisory Board of Citi Islamic Investment Bank E.C., the Global Shariah Supervisory Committee of HSBC Bank Middle East Limited and the KFH Capital Sharia Committee.

## GLOSSARY OF SELECTED TERMS

<b>Term</b>	<b>Definition</b>
"Aromatics"	Hydrocarbons that are in a ring formation instead of a linear formation. The major products comprising this group are: benzene, toluene, mixed xylenes, ortho-xylene and para-xylene.
"Barrel"	Barrel of crude oil, 159 litres by volume.
"Benzene"	A building block for styrene and is also used to make cumene and nylon. Mainly produced from refinery processes or as a co-product of steam cracker operations.
"Cracker"	A processing unit that breaks down naphtha or other gas feedstocks into olefins, principally ethylene and propylene.
"Cracking"	The conversion of large hydrocarbon molecules into smaller ones. Carried out either at high temperatures (thermal cracking), or with the aid of a catalyst and high pressure (catalytic cracking and hydrocracking). The cracking process enables greater quantities of saturated hydrocarbons suitable for gasoline and other light hydrocarbon fractions to be recovered from crude oil.
"De-bottlenecking"	Process of identifying specific areas and/or equipment in oil and gas facilities that limit the flow of product (otherwise known as bottlenecks) and optimising them so that overall production capacity in the plant can be increased.
"Ethane"	A colourless, odourless gas which is a by-product of petroleum refining. Primarily used as a petrochemical feedstock for ethylene production.
"Ethylene"	A flammable gas obtained in a process called steam cracking. It does not have any consumer applications, but is the basic feedstock for a large number of industrial uses, including the manufacture of polyethylene. It is a key building block for polyethylene, polystyrene, ethylene oxide and other derivatives.
"Ethylene glycol (EG)"	An industrial chemical, primarily used in the manufacture of polyesters and antifreeze/coolants. Produced from ethylene oxide.
"Ethylene oxide (EO)"	A commodity monomer used as a building block for the manufacture of a wide range of products and intermediates in the chemical industry. Mainly used to produce ethylene glycol and industrial detergents. The products derived from ethylene oxide have many familiar applications and coolants for auto engines, polyester fibres and film. Manufactured from ethylene and oxygen.
"Facility"	A petrochemical production location which may contain one or more petrochemical plants or crackers.
"Feedstocks"	Crude oil and other hydrocarbons used as basic materials in a refining or manufacturing process.
"Hydrocarbons"	All compounds that consist of hydrogen and carbon. These include crude oil, natural gas, gas, olefins and their derivatives.
"KMT"	Kilo metric tonne.
"KTA"	Kilo tonne per annum.

<b>Term</b>	<b>Definition</b>
"MMT"	Million metric tonne.
"Monomer"	Feedstock material for the manufacture of polymers and derivative products.
"MT"	Metric tonne.
"MTA"	Million tonne per annum.
"Naphtha"	A refinery product that is used as a gasoline component, but also serves as feedstock for petrochemical plants.
"Olefins"	Including ethylene and propylene, are the key building blocks of the petrochemical industry and produce a large range of derivative products.
"Plant"	A term used to describe the technology used for the production of petrochemicals, including but not limited to ethylene glycol, polyethylene or polyethylene terephthalate.
"Polyethylene (PE)"	The world's most used thermoplastic (including high-density polyethylene, low-density polyethylene and linear low-density polyethylene). Manufactured by the polymerisation of ethylene and co- monomers. Used primarily to produce films for packaging, agricultural applications, moulded products, pipes and coatings.
"Polyethylene terephthalate (PET)"	Made by the combination of ethylene glycol and terephthalic acid. Typical end-users include films for packaging and fibres.
"Polymer"	A chemical compound usually made up of a large number of identical components linked together into long molecular chains.
"Polypropylene"	The world's second most widely used thermoplastic after polyethylene. It is manufactured by the polymerisation of propylene. It is used mainly for moulding, filaments, fibres and films and is the most significant thermoplastic material used in moulded containers and automotive applications.
"Production capacity"	The amount of product capable of being produced by a petrochemical plant, usually expressed in KTA or MTA. The production capacity of a particular plant may differ from the nameplate capacity of that plant as a result of any processes undertaken after the initial construction to increase capacity, for example de-bottlenecking.
"Purified terephthalic acid"	It is an aromatic acid, in the form of a white, crystalline powder, which is primarily applied in the production of polyester.
"Resins"	Any natural or synthetic organic compound consisting of a noncrystalline or viscous liquid substance.
"Spot market"	A term used to describe the international trade in one-off cargoes or shipments of commodities, such as crude oil, in which prices closely follow demand and availability.
"Styrene"	A derivative of benzene which is a colourless oily liquid that evaporates easily. Styrene is the precursor to polystyrene and several copolymers.

<b>Term</b>	<b>Definition</b>
" <b>Thermoplastic</b> "	A plastic which softens when heated and hardens again when cooled. Includes polyethylene, polypropylene and polystyrene.
" <b>Triethylene glycol (TEG)</b> "	A by-product of ethylene glycol production, it is a colourless odourless viscous liquid primarily as a plasticiser for vinyl, in air sanitiser products, as liquid desiccants for natural gas and in air conditioning systems and as an additive for hydraulic fluids and brake fluids.
" <b>Utilisation rate</b> "	Equal to the output divided by the capacity index of any given production facility.



**TRUSTEE**

**EQUATE Sukuk SPC Limited**  
c/o Maples Fund Services (Middle East) Limited  
Unit C1407, Level 14, Burj Daman  
Dubai International Financial Centre  
Dubai  
P.O. Box 506734  
United Arab Emirates

**OBLIGORS**

**The Kuwait Olefins Company K.S.C.C.**  
EQUATE building (Plot No. 900011), Block 12  
Central Ahmadi, P.O. Box 100 – Ahmadi  
PACI No. 20795699  
Kuwait 61001

**EQUATE Petrochemical Company K.S.C.C.**  
EQUATE building (Plot No. 900011), Block 12  
Central Ahmadi, P.O. Box 100 – Ahmadi  
PACI No. 20795699  
Kuwait 61001

**PRINCIPAL PAYING AGENT, EXCHANGE  
AGENT AND TRANSFER AGENT**

**Citibank N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR**

(in respect of Unrestricted Certificates)

**Citigroup Global Markets Europe AG**

Reuterweg 16  
B-60323 Frankfurt am Main  
Germany

**DELEGATE**

**Citibank N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR**

(in respect of Restricted Certificates)

**Citigroup Global Markets Europe AG**

Reuterweg 16  
B-60323 Frankfurt am Main  
Germany

**LEGAL ADVISERS**

*To the Obligors as to Kuwait law*

**International Counsel Bureau**

Al Hamra Business Tower  
58<sup>th</sup> Floor, Al Sharq  
P.O. Box 20941  
Safat 13070  
State of Kuwait

*To the Trustee and Obligors as to United States  
law*

**CC Worldwide Limited**

10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
United Kingdom

*To the Trustee and Obligors as to English law  
and Dubai International Financial Centre law*

**CC Worldwide Limited**

Office 415, Park Towers A  
Dubai International Financial Centre  
P.O. Box 9380  
Dubai  
United Arab Emirates

*To the Arrangers and Dealers as to  
English law and Dubai International Financial  
Centre law*

**Allen & Overy LLP**

11th Floor  
Burj Daman Building  
Al Mustaqbal Street  
Dubai International Financial Centre  
P. O. Box 506678  
Dubai  
United Arab Emirates

*To the Arrangers and Dealers as to  
United States law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

*To the Arrangers and Dealers as to Kuwait law*

**ASAR –Al Ruwayeh & Partners**  
P.O. Box 447  
Safat 13005  
State of Kuwait

*To the Delegate as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

#### **AUDITORS**

#### **KPMG Safi Al-Mutawa & Partners**

Al Hamra Tower, 25<sup>th</sup> Floor  
Abdulaziz Al Saqr Street  
P.O. Box 24, Safa 13001  
State of Kuwait

#### **LISTING AGENT**

#### **Walkers Listing Services Limited**

5<sup>th</sup> Floor, The Exchange  
George's Dock, IFSC  
Dublin 1, D01 W3P9

#### **ARRANGERS**

#### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

#### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

#### **KFH Capital Investment Company KSCC**

Level 23 Baitak Tower  
Safat Square  
Ahmed Al Jaber Street  
Kuwait City  
P.O. Box: 3946 Safat  
13040  
Kuwait

#### **MUFG Securities EMEA plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ  
United Kingdom

#### **Watani Investment Co. K.S.C.C.**

Floor 35, NBK Tower  
Plot 6  
Jaber Al-Mubarak & Al-Shuhada St., Block 7  
Sharq, Kuwait  
P.O. Box 4950  
Safat 13050  
Kuwait

## DEALERS

### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

### **KFH Capital Investment Company KSCC**

Level 23 Baitak Tower  
Safat Square  
Ahmed Al Jaber Street  
Kuwait City  
P.O. Box: 3946 Safat  
13040  
Kuwait

### **MUFG Securities EMEA plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ  
United Kingdom

### **First Abu Dhabi Bank PJSC**

FAB Building Khalifa Business Park – Al  
Qurm District  
P.O. Box 6316  
Abu Dhabi  
United Arab Emirates

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **Mizuho International plc**

Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

### **Watani Investment Co. K.S.C.C.**

Floor 35, NBK Tower  
Plot 6  
Jaber Al-Mubarak & Al-Shuhada St., Block 7  
Sharq, Kuwait  
P.O. Box 4950  
Safat 13050  
Kuwait

### **SMBC Nikko Capital Markets Limited**

One New Change  
London  
EC4M 9AF  
United Kingdom