



SHARJAH SUKUK (2) LIMITED

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

U.S.\$500,000,000 TRUST CERTIFICATES DUE 2021

The U.S.\$500,000,000 trust certificates due 2021 (the "**Certificates**") of Sharjah Sukuk (2) Limited (in its capacity as Issuer, the "**Issuer**" and as trustee, the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") dated 27 January 2016 (the "**Closing Date**") entered into between the Trustee, the Government of Sharjah acting through Sharjah Finance Department ("**GoS**") and HSBC Corporate Trustee Company (UK) Limited as donee of the powers and as the delegate of the Trustee pursuant to the Declaration of Trust (the "**Delegate**"). The Certificates confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined below) which will include, *inter alia*: (i) the Lease Assets (as defined herein); and (ii) the Transaction Documents (as defined herein).

On 27 July and 27 January in each year commencing on 27 July 2016 (each, a "**Periodic Distribution Date**"), the Trustee will pay Periodic Distribution Amounts (as defined herein) to Certificateholders calculated in accordance with Condition 8 (*Periodic Distributions*).

The Trustee will pay such Periodic Distribution Amounts solely from the proceeds received in respect of the Trust Assets which include payments by GoS in its capacity as lessee under the Lease Agreement (as defined herein). Unless previously redeemed in the circumstances described in Condition 14 (*Capital Distributions of the Trust*) and Condition 15 (*Dissolution Events*), the Certificates will be redeemed on 27 January 2021 (the "**Scheduled Dissolution Date**") at the Dissolution Amount (as defined herein). The Trustee will pay the Dissolution Amount solely from the proceeds received in respect of the Trust Assets which include payments by GoS under the Purchase Undertaking (as defined herein) and the Service Agency Agreement. All payments in respect of the Certificates will be made in accordance with, and subject to the provisions of, the Conditions.

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

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the official list (the "**Official List**") and to be admitted to trading on its regulated market (the "**Main Securities Market**"). Such approval relates only to the Certificates which are to be admitted to trading on the Main Securities Market or any other regulated markets for the purposes of Directive 2004/39/EC (each such regulated market being a "**MiFID Regulated Market**") or which are to be offered to the public in any member state of the European Economic Area (each a "**Member State**").

Each of the Issuer and GoS is an "Exempt Offeror" for the purposes of Article 13(1) of the Markets Law, Dubai International Financial Centre Law No. 1 of 2012 (the "**Markets Law 2012**") of the Dubai Financial Services Authority (the "**DFSA**"). Accordingly, this Prospectus has not been approved by the DFSA for the purposes of Articles 14 and 15 of the Markets Law 2012. Application has been made to the DFSA for the Certificates to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to NASDAQ Dubai for admission to trading on NASDAQ Dubai.

Upon issue, the Certificates are expected to be assigned a rating of "A" by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and "A3" by Moody's Investors Service Ltd. ("**Moody's**"). GoS has been assigned ratings of A3 by Moody's and A by S&P, each with a stable outlook. Each of Moody's and S&P is established in the European Union and 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 on its website in accordance with such Regulation.

A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

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

The Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates may be offered or sold solely to persons who are not U.S. persons outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Delivery of the Certificates in book-entry form will be made on the Closing Date. The Certificates will be represented by interests in a global certificate in registered form (the "**Global Certificate**") deposited on or about the Closing Date with, and registered in the

name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Certificates evidencing holdings of interests in the Certificates will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Shariah Committee of HSBC Saudi Arabia Limited and the Fatwa and *Shari'a* Supervisory Board of Sharjah Islamic Bank PJSC. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals referred to above is in compliance with *Shari'a* principles.

Global Coordinator

HSBC

Joint Lead Managers and Joint Bookrunners

Bank of Sharjah PJSC
Dubai Islamic Bank PJSC

Barclays
HSBC

Commerzbank
Sharjah Islamic Bank PJSC

Co-Manager

National Bank of Abu Dhabi P.J.S.C.

The date of this Prospectus is 25 January 2016

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of giving information with regard to the Trustee, GoS and the Certificates which, according to the particular nature of the Trustee, GoS and of the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and GoS.

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

Certain information under the headings "*Risk Factors*", "*Description of the Emirate of Sharjah*", "*The Economy of Sharjah*", "*Balance of Payments and Foreign Trade*", "*Monetary and Financial System*", "*Public Finance*" and "*Indebtedness*" has been extracted from information provided by or obtained from, the Sharjah Statistics Centre, the International Monetary Fund, the UAE National Bureau of Statistics, the UAE Central Bank, Sharjah Economic Development Department, the Sharjah Department of Customs and Ports, the Telecommunications Regulatory Authority, Sharjah Electricity and Water Authority, the Sharjah Commerce and Tourism Department and Sharjah Finance Department, and in each case, the relevant source of such information is specified where it appears under those headings.

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

None of the Managers (as defined herein), the Delegate or the Agents (as defined herein) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Trustee or GoS in connection with the Certificates.

No person is or has been authorised by the Trustee or GoS to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Certificates and, if given or made, such information or representation should not be relied upon as having been authorised by the Trustee, GoS, the Delegate or any of the Managers. None of the Managers, the Delegate or the Agents, or any of their respective affiliates make any representation or warranty or accept any liability as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of the Certificates shall, in any circumstances, create any implication that the information contained in this Prospectus is correct subsequent to the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or the financial or trading position of the Trustee or GoS since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Certificates is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No comment is made, or advice given by, the Trustee, GoS or the Managers in respect of taxation matters relating to the Certificates or the legality of the purchase of the Certificates by an investor under applicable or similar 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.

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

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. None of the Trustee, GoS, the Managers, the Delegate or the Agents represents

that this Prospectus may be lawfully distributed, or that 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 assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, GoS, the Managers, the Delegate or the Agents which is intended to permit a public offering of the Certificates or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Trustee, GoS and the Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Certificates in the United States, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), Singapore, Hong Kong, the Cayman Islands, Malaysia and the State of Kuwait. For a description of the restrictions on offers, sales and deliveries of Certificates and on the distribution of this Prospectus and other offering material relating to the Certificates, see "*Subscription and Sale*".

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase Certificates and should not be considered as a recommendation by the Managers, Trustee, GoS, the Delegate or the Agents or any of them that any recipient of this Prospectus should subscribe for, or purchase, Certificates. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and GoS. None of the Managers, the Delegate or the Agents accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Trustee or GoS in connection with the Certificates.

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;
- (b) 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 the Certificates will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

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

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) Certificates are legal investments for it; (ii) Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or

pledge of Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of the Certificates, HSBC Bank plc (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Trustee or GoS. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Closing Date and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Certificates. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) must conduct such stabilisation in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such stabilisation shall be for the account of the Stabilising Manager.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning GoS's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Prospectus, 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*", "*Description of the Emirate of Sharjah*" and "*The Economy of Sharjah*" and other sections of this Prospectus.

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

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

PRESENTATION OF INFORMATION

Certain Defined Terms

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed thereto in the "*Terms and Conditions of the Certificates*". In addition, all references in this Prospectus to the "**UAE**" are to the United Arab Emirates; all references to a "**Member State**" herein are references to a Member State of the European Economic Area; and all references to "**Sharjah**" are to the Emirate of Sharjah.

Certain Conventions

Certain figures and percentages included in this Prospectus 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.

All references in this Prospectus to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars being the legal currency for the time being of the United States of America; all references to "EUR", "euro" and "€" are to the currency introduced at the start of the third stage of the Treaty on the Functioning of the European Union, as amended; all references to "£" and "Sterling" refer to United Kingdom pounds being the legal currency for the time being of the United Kingdom; and all references to "dirham" and "AED" refer to UAE dirham being the legal currency for the time being of the UAE. The dirham has been pegged to the U.S. dollar since 22 November 1980. The midpoint between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00.

Foreign Language

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

PRESENTATION OF STATISTICAL INFORMATION

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

Investors should also note that certain economic statistics for 2014 set out in this Prospectus are preliminary, and these statistics, as well as those for earlier years, are subject to revision and change. In addition, no data is released by the UAE on external debt and accordingly only International Monetary Fund ("IMF") estimates of the UAE external debt are set out in this Prospectus.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

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

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the Government of Sharjah and/or its agencies believe to be based on reasonable assumptions. The Government of Sharjah's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Prospectus may be subsequently adjusted or revised.

NOTICE TO UNITED KINGDOM RESIDENTS

The Certificates constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended by the

Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010. Accordingly, this Prospectus 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 Prospectus and any other marketing materials relating to the Certificates is being addressed to, or directed at, 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 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. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Prospectus or any other marketing materials in relation to the Certificates.

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

Any individual intending to invest in any investment described in this Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

CAYMAN ISLANDS NOTICE

No invitation may be made, directly or indirectly, to the public in the Cayman Islands to subscribe for the Certificates.

NOTICE TO KINGDOM OF BAHRAIN RESIDENTS

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

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe for or purchase securities, 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 Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether inside 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 Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO KINGDOM OF SAUDI ARABIA RESIDENTS

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations 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 Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Certificates should conduct their

own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Prospectus, he or she should consult an authorised financial adviser.

NOTICE TO QATARI RESIDENTS

This Prospectus does not and is not intended to constitute an offer, sale or delivery of the Certificates under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank. The Certificates are not and will not be traded on the Qatar Exchange.

NOTICE TO MALAYSIAN RESIDENTS

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Certificates in Malaysia may be made, directly or indirectly, and this Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in 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.

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

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OVERVIEW OF THE OFFERING

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

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

Trustee:	Sharjah Sukuk (2) Limited, an exempted limited liability company incorporated in the Cayman Islands under the Companies Law (2013 Revision) (as amended). 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 the Closing Date issue the Certificates to the Certificateholders.
Risk Factors:	There are certain factors that may affect the Trustee's ability to fulfil its obligations under the Certificates and GoS's ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Certificates. These are set out under " <i>Risk Factors</i> ".
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of a nominal or par value of U.S.\$1 each, of which one share is fully paid up and issued. The Trustee's entire issued share capital is held by GoS.
Seller:	GoS.
Lessee:	GoS.
Service Agent:	GoS.
Global Coordinator:	HSBC Bank plc.
Joint Lead Managers and Joint Bookrunners:	Bank of Sharjah PJSC, Barclays Bank PLC, Commerzbank Aktiengesellschaft, Dubai Islamic Bank PJSC, HSBC Bank plc and Sharjah Islamic Bank PJSC.
Co-Manager	National Bank of Abu Dhabi P.J.S.C.
Delegate:	HSBC Corporate Trustee Company (UK) Limited.
Principal Paying Agent and Calculation Agent:	HSBC Bank plc.
Registrar and Transfer Agent:	HSBC Bank plc.
Summary of the Transaction Structure and Documents:	An overview of the structure of the transaction and the principal cashflows is set out under " <i>Structure Diagram and Cashflows</i> " and a description of the principal terms of certain of the Transaction Documents is set out under " <i>Summary of the Principal Transaction Documents</i> ".
Certificates:	U.S.\$500,000,000 Trust Certificates due 2021.
Closing Date:	27 January 2016.

Issue Price:	100 per cent. of the aggregate face amount of the Certificates.
Periodic Distribution Dates:	The twenty seventh day in July and the twenty seventh day in January, in each year, commencing on 27 July 2016.
Periodic Distributions:	On each Periodic Distribution Date, Certificateholders will receive, from moneys received by the Trustee in respect of the Trust Assets, a Periodic Distribution Amount in U.S. dollars calculated in accordance with Condition 8 (<i>Periodic Distributions</i>).
Return Accumulation Period:	The period from and including the Closing Date to but excluding the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date or, if earlier, the relevant Dissolution Date.
Form of Certificates:	The Certificates will be issued in registered form as described in " <i>Global Certificate</i> ". The Certificates will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances.
Clearance and Settlement:	Holders of the Certificates must hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance systems.
Face Amounts of the Certificates:	The Certificates will be issued in minimum face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Status of the Certificates:	<p>Each Certificate evidences an undivided ownership interest of the Certificateholders in the Trust Assets, subject to the terms of the Declaration of Trust and the Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate will rank <i>pari passu</i>, without any preference or priority, with the other Certificates.</p> <p>All amounts due from GoS under the Transaction Documents to which it is a party will constitute direct, unconditional, unsubordinated and unsecured obligations of GoS and will rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsubordinated and unsecured obligations of GoS, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.</p>
Trust Assets:	The Trust Assets are all of the Trustee's rights, title, interest and benefit, present and future, in, to and under: (i) the Lease Assets; (ii) the Transaction Documents (other than: (A) in relation to any representations given to the Trustee and the Delegate by GoS pursuant to any of the Transaction Documents

and any rights which have been expressly waived by the Trustee or the Delegate in any of the Transaction Documents; and (B) the covenant given to the Trustee pursuant to Clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Declaration of Trust); and (iii) all monies standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing listed in (i) to (iii) above (the "**Trust Assets**"), and such Trust Assets will be held upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder.

Redemption of Certificates:

The Scheduled Dissolution Date of the Certificates is 27 January 2021. Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the Dissolution Amount and on the Scheduled Dissolution Date and the Trust will be dissolved by the Trustee.

Dissolution Date:

The Dissolution Date shall be, as the case may be: (i) the Scheduled Dissolution Date; (ii) following the occurrence of a Dissolution Event, the date on which the Certificates are redeemed in accordance with the provisions of Condition 15 (*Dissolution Events*); or (iii) following the occurrence of a Tax Event or a Total Loss Event, the date on which the Certificates are redeemed in accordance with the provisions of Condition 14 (*Capital Distributions of the Trust*).

Dissolution Events:

Upon the occurrence of any Dissolution Event, the Certificates may be redeemed in full on the Dissolution Date at the Dissolution Amount, (which shall include any accrued but unpaid Periodic Distribution Amount) and the Return Accumulation Period may be adjusted accordingly. See Condition 15 (*Dissolution Events*).

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 11 (*Taxation*) or GoS has or will become obliged to pay any additional amounts in respect of amounts payable under the Lease Agreement or the Purchase Undertaking as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions, but excluding the Emirate of Sharjah) and where such obligation cannot be avoided by the Trustee or GoS, as applicable, taking reasonable measures available to it, the Trustee may, following receipt of an exercise notice from GoS pursuant to the Sale and Substitution Undertaking, redeem the Certificates in whole but not in part at their face amount together with any accrued but unpaid Periodic Distribution Amounts on the relevant Dissolution Date.

Total Loss Events:

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

on behalf of the Trustee.

The Service Agent will irrevocably undertake with the Trustee, in relation to the Lease Assets to: (a) ensure that the Lease Assets are properly insured (and where insurance is procured to use reasonable endeavours to obtain such on a *takaful* basis if such *takaful* insurance is available or is available on commercially viable terms), and, accordingly, will effect such insurances in respect of the Lease Assets (the "**Insurances**"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event and ensure that the insured amount relating to a Total Loss Event will, at all times, be at least equal to the "**Full Reinstatement Value**" (being the outstanding face amount of the Certificates together with Periodic Distribution Amount payable for a 30 day period); (b) a claim is promptly made in respect of each loss relating to the Lease Assets in accordance with the terms of the Insurances; and (c) following the occurrence of a Total Loss Event all the proceeds of any Insurances are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the insurer(s) will be directed accordingly.

If, following the occurrence of a Total Loss Event, the amount (if any) credited to the Transaction Account is less than the Full Reinstatement Value, the difference between such Full Reinstatement Value and the amount credited to the Transaction Account shall be the "**Total Loss Shortfall Amount**". In the event that the Service Agent fails to comply with its obligations to insure the Lease Assets for an amount at least equal to the Full Reinstatement Value and to ensure that insurance proceeds are paid into the Transaction Account within 30 days of such Total Loss Event, it shall be liable to compensate the Trustee for any Total Loss Shortfall Amount, which will be payable (in same day, freely transferable, cleared funds) directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Thereafter, and subject to the Service Agent's strict compliance with such obligations, any insurance proceeds received from such insurer will be for the Service Agent's sole account. Any breach of the Service Agent's Lease Assets insurance obligations will not, however constitute a GoS Event.

Cancellation of Certificates held by GoS:

Pursuant to Condition 13 (*Purchase and Cancellation of Certificates*), GoS may at any time purchase Certificates in the open market or otherwise. If GoS wishes to cancel such Certificates purchased by it, GoS will deliver those Certificates to the Principal Paying Agent for cancellation. GoS may also exercise its option under the Sale and Substitution Undertaking to require the Trustee to transfer to GoS all of its rights, title, interests, benefits and entitlements in, to and under a portion of the Lease Assets with an aggregate value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation, the Trustee will transfer that portion of the Lease Assets to GoS in consideration for such cancellation.

Lease Asset Substitution:

GoS may substitute Lease Assets in accordance with the relevant provisions of the Sale and Substitution Undertaking,

provided that the value of any substitute assets shall have an aggregate value which is not less than the aggregate value of the Lease Assets to be so substituted. Such substitution shall only take effect on a Periodic Distribution Date.

Withholding Tax:

All payments by GoS under the Purchase Undertaking, the Sale and Substitution Undertaking and the Lease Agreement and all payments by the Service Agent under the Service Agency Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, GoS and/or the Service Agent, as the case may be, will be required to pay, and accordingly will undertake to pay, such additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.

All payments in respect of the Certificates by the Trustee shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Trustee will, save in the limited circumstances provided in Condition 11 (*Taxation*), be required to pay additional amounts so that the holders of the Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction. In the event that any such additional amounts are required to be paid by the Trustee to the holders of Certificates, GoS has undertaken in the Declaration of Trust to pay an amount equal to the liability of the Trustee in respect of any and all such additional amounts.

Negative Pledge:

The Purchase Undertaking contains a negative pledge given by GoS.

Trustee Covenants:

The Trustee has agreed to certain restrictive covenants as set out in Condition 7 (*Covenants*).

Ratings:

Upon issue, the Certificates are expected to be assigned a rating of "A" by S&P and a rating of "A3" by Moody's. A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Certificateholder Meetings:

A summary of the provisions for convening meetings of the Certificateholders to consider matters relating to their interests as such is set out in Condition 19 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).

Tax Considerations:

See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.

Listing and Admission to Trading:

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and to be admitted to trading on the Main Securities Market. Application has also been made to the DFSA for the Certificates to be

admitted to the DFSA Official List and to be admitted to trading on NASDAQ Dubai.

Transaction Documents:

The Declaration of Trust, the Agency Agreement, the Sale and Purchase Agreement, the Lease Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale and Substitution Undertaking are the "**Transaction Documents**".

Governing Law and Dispute Resolution:

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

The Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale and Substitution Undertaking and any non-contractual obligations arising out of or in connection with the same will be governed by English law. In respect of any dispute under any such agreement or deed to which it is a party, GoS has agreed to arbitration in the Dubai International Financial Centre (the "**DIFC**") under the Arbitration Rules of the DIFC-LCIA Arbitration Centre (the "**DIFC-LCIA Rules**"). GoS and the Trustee have also agreed to submit to the jurisdiction of the courts of England (the "**English Courts**") in respect of any dispute under the Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale and Substitution Undertaking (subject to the right of the Delegate, the Agents or the Trustee, as the case may be, to require any dispute to be resolved by any other court of competent jurisdiction).

Each of the Lease Agreement, the Sale and Purchase Agreement, each Sale Agreement entered into under the Purchase Undertaking and each Sale Agreement entered into under the Sale and Substitution Undertaking will be governed by the laws of the Emirate of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE, and will be subject to the non-exclusive jurisdiction of the Sharjah courts.

Waiver of Immunity:

GoS has acknowledged in the Transaction Documents to which it is a party that to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, GoS has agreed in the Transaction Documents to which it is a party that it will not claim and has irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

Limited Recourse:

Each Certificate represents solely an undivided ownership interest in the Trust Assets. 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 for the Trust Assets. See further, Condition 4 (*Status and Limited Recourse*).

Selling Restrictions:

There are restrictions on the distribution of this Prospectus and the offer or sale of Certificates in the United States, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom

of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), Singapore, Hong Kong, Malaysia, the Cayman Islands and the State of Kuwait. See "*Subscription and Sale*".

Use of Proceeds:

The proceeds of the issue of the Certificates will be paid to GoS as described in "*Use of Proceeds*".

RISK FACTORS

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

Each of the Issuer and GoS believes that the factors described below represent the principal risks inherent in investing in the Certificates and may affect GoS's ability to perform its obligations under the Transaction Documents. However, the inability of the Issuer to pay any amounts on or in connection with any Certificate and the inability of GoS to perform its obligations under the Transaction Documents may occur for other reasons and none of the Issuer and GoS represents that the statements below regarding the risks of holding any Certificate are exhaustive.

There may also be other considerations, including some which may not be presently known to the Issuer or GoS or which the Issuer or GoS currently deems immaterial, that may impact any investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risk factors relating to the Issuer

The Issuer is an exempted limited company incorporated in the Cayman Islands on 30 November 2015. The Issuer does not engage in any business activity other than the issuance of Certificates, the acquisition of the Trust Assets as described herein, acting in the capacity of Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents. Because the Issuer is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process outside the Cayman Islands.

The Issuer's only material assets, which will be held on trust for Certificateholders in its capacity as Trustee, will be the Trust Assets relating to the Certificates, including the obligation of GoS to make payments under the Lease Agreement and the Purchase Undertaking, if and when exercised by the Issuer, to the Issuer.

The ability of the Issuer to pay amounts due on the Certificates will primarily be dependent upon receipt by the Issuer from GoS of all amounts due under the Lease Agreement and, if and when exercised by the Issuer, the Purchase Undertaking (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents in the event that GoS does not fully perform its obligations thereunder).

Risks relating to Sharjah and the UAE

Current Regional Political Instability

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

In particular, since early 2011 there has been political unrest in a number of countries in the Middle East and North Africa ("MENA") region, including Algeria, the Kingdom of Bahrain, the Hashemite Kingdom of Jordan, Egypt, Libya, the Sultanate of Oman, the Kingdom of Saudi Arabia, the Republic of Iraq (Kurdistan), Syria, Tunisia and the Republic of Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE (and Sharjah) would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. The MENA region is currently subject to a number of armed conflicts including those in Yemen, Syria, Iraq and Palestine as well as the multinational conflict with Islamic State. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in

Yemen which began earlier this year. The intervention was in response to requests for assistance from the Yemeni government (see "*Description of the Emirate of Sharjah – Relationship between the UAE Constitution and Sharjah – International Relations*"). The UAE is also a member of another Saudi Arabian led coalition formed in December 2015 to combat Islamic extremism, in particular Islamic State (also known variously as Daesh, ISIS or ISIL). These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE and, consequently, Sharjah, although to date there has been no significant impact on the UAE or Sharjah.

Sharjah is, and will continue to be, affected by economic and political developments in or affecting the UAE and the wider MENA region and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE. Regional geopolitical instability of the type aforementioned (that may or may not directly involve the UAE) may have a material adverse effect on the UAE's (and, consequently, Sharjah's) attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and financial condition.

General political and economic issues

Sharjah is not a large oil producer (with the mining, quarrying and energy sector accounting for 11.6 per cent. of Sharjah's gross domestic product ("**GDP**") in 2014, according to the UAE National Bureau of Statistics (the "**NBS**")) and it enjoys a relatively diverse economy. However, total hydrocarbon production in Sharjah amounted to 7.5 million barrels of oil equivalent in 2013 and 7.1 million barrels of oil equivalent in 2014, making Sharjah the third largest energy producer in the UAE after Abu Dhabi and Dubai. Although world oil prices recovered from the lows of around U.S.\$40 per barrel witnessed in February 2009, with prices generally averaging between U.S.\$90 and U.S.\$110 for most of 2011 to 2014, oil prices have decreased sharply again since late 2014, to U.S.\$31.27 as at 31 December 2015 (being the reference basket price of the Organisation of the Petroleum Exporting Countries ("**OPEC**") as at that date). Such oil price volatility has the potential to adversely affect Sharjah's economy and public finances in the future. The UAE Central Bank announced in July 2015 that it expected state spending of the federal government of the UAE (the "**Federal Government**") to be cut by 4.2 per cent. in 2015 and any further significant drop in international oil prices may have further negative effects on the spending of the Federal Government, which is consequently likely to affect Sharjah's economy indirectly through its impact on the trade, construction, real estate, tourism and banking sectors in particular.

Sharjah has made efforts in recent years to increase volumes of foreign investment and tourism. Its economy is also dependent, to a large extent, on expatriate labour. These factors make it potentially more vulnerable should there be a deterioration in local political stability for any reason, if it were to lead the Government of Sharjah to tighten controls on the flow of labour or capital and if it were to make Sharjah a less attractive destination for businesses and individuals.

While macroeconomic indicators have significantly improved since the 2008 global financial crisis, there can be no assurance that the economic performance of Sharjah or the UAE can or will be sustained in the future. To the extent that economic growth or performance in the UAE slows or begins to decline, this could have an adverse effect on Sharjah (see "*The Economy of Sharjah*" for further information).

Sharjah has a relatively narrow revenue base

The Government of Sharjah has a diverse but relatively narrow revenue base. With the exception of a levy on foreign banks and hydrocarbon extraction, there is no traditional direct tax (see "*Public Finance – Government Revenue*") (although the Federal Government is considering the introduction of value added tax and corporation taxes in the future). Whilst this beneficial tax environment provides an incentive for businesses and wage earners to locate to the Emirate, it potentially limits the Government of Sharjah's ability to increase public spending if necessary, which may adversely affect Sharjah's growth and revenue generation strategy and impact the Government of Sharjah's ability to satisfy its obligations under the Transaction Documents.

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

The Government of Sharjah is not responsible for monetary policy, which is the responsibility of the Federal Government. Limited monetary policy control prevents the Government of Sharjah from

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

Statistical information

The statistical information in this Prospectus has been derived from a number of different identified sources. Certain information (for example information relating to the balance of payments and information under the heading "*Monetary and Financial System*") is only available for the UAE as a whole from the Federal Government, and potential investors should note that Sharjah's position may differ in material respects from the position at an overall UAE level. All statistical information provided in this Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times (see "*Presentation of Statistical Information*").

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

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

The IMF, in both its 2006 consultation and 2007 consultation, identified a number of weaknesses in the statistical information prepared in relation to the UAE including with respect to data quality, coverage, frequency, timeliness and inter-sectoral consistency. In 2012 the IMF noted that the UAE had made good progress by establishing databases and improving the quality of its economic statistics, but that further progress was still required. In its consultations for 2013 to 2015, the IMF acknowledged that the UAE had made laudable progress in improving the quality of its statistical data and that its data provision was broadly adequate for surveillance, but stated that significant data gaps remain. Therefore, these weaknesses may continue to impact the statistical data included in this Prospectus.

While public finance data is consistent with the data from the Government of Sharjah's financial management system, this data is not subject to an external auditor's opinion.

The Government of Sharjah's interests may be different from the interests of Certificateholders

The interests of the Government of Sharjah may be different from those of the Certificateholders. Decisions made by the Government of Sharjah may be influenced by the need to consider the social benefit of any investment to Sharjah and its nationals or other factors.

The Government of Sharjah may be adversely affected if the UAE dirham/U.S. dollar peg were to be removed or adjusted

The functional and reporting currency of the Government of Sharjah is the UAE dirham. The UAE dirham has been 'pegged' at a fixed exchange rate to the U.S. dollar since 22 November 1980. The Federal Government and the UAE Central Bank have publicly stated that there is no current intention to reassess the dollar peg. However, there can be no assurance that UAE policy, in respect of the UAE dirham/U.S. dollar 'peg', will remain unchanged in the future.

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

Risks Relating 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 the Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders, will be against GoS to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee or GoS in respect of any shortfall in the expected amounts due under the Trust Assets. GoS is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Delegate will have direct recourse against GoS 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 GoS 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 GoS'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 Certificates. After enforcing the rights in respect of the Trust Assets (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 6.2 (*The Trust – Application of Proceeds from the Trust Assets*), the obligations of the Trustee in respect of the Certificates 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 the 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 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 and the Certificateholders against GoS shall be to enforce the obligation of GoS under the Transaction Documents to which it is a party.

Consents are required in relation to the variation of Transaction Documents and other matters

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

The Declaration of Trust contains provisions permitting the Delegate from time to time, in its absolute discretion and at any time without any consent or sanction of the Certificateholders to make any modification to the Declaration of Trust if, in the sole opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; or (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Declaration of Trust). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.

The Certificates may be subject to early redemption

If the amount payable on the Certificates is required to be increased to include additional amounts in certain circumstances and/or GoS is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Cayman Islands or the UAE (excluding the Emirate of Sharjah) or in each case any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Conditions.

The exercise of such early redemption option is likely to limit the market value of the Certificates. During any period when the Trustee may elect to redeem the Certificates, the market value of the Certificates generally will not rise substantially above the Dissolution Amount payable. The Trustee may be expected to redeem the Certificates when GoS is able to raise funds at a cost of financing which is lower than the profit rate (including such additional amounts as are referred to above) 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 and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

Certificates with a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

As the Certificates have a denomination consisting of the minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it 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 a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Definitive Certificate.

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

No assurance can be given as to Shari'a rules

The Executive Shariah Committee of HSBC Saudi Arabia Limited Fatwa and the Fatwa and *Shari'a* Supervisory Board of Sharjah Islamic Bank PJSC have confirmed that the Transaction Documents are, in their view, *Shari'a*-compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a*-compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, GoS, the Delegate, the Agents or the Managers makes any representation as to the *Shari'a* compliance of the Certificates and/or any trading thereof and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Potential investors should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and the issue and trading of the Certificates with *Shari'a* principles.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties may, if in dispute, be the subject of arbitration in the DIFC under the DIFC-LCIA Rules. GoS has also agreed under certain of the Transaction Documents to submit to the jurisdiction of the English Courts. In such circumstances, the arbitrator or judge, as the case may be, is likely to first apply the relevant law of the relevant Transaction Document rather than *Shari'a* principles in determining the obligation of the parties.

Certificateholders must rely on Euroclear and Clearstream, Luxembourg procedures

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

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

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

Risk factors relating to the Lease Assets

Risk relating to land underlying the Lease Assets

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Lease Assets. Only limited representations will be obtained from GoS in respect of the Lease Assets.

Risks Relating to Enforcement

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

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

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

Each of the Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the Certificates are governed by English law (the "**English Law Documents**") and GoS has agreed (where the arbitration arrangements described below are not applied) to submit to the exclusive jurisdiction of the English courts in respect of any dispute, claim, difference or controversy arising out of or in connection with the English Law Documents, subject to the right of the Delegate, the Certificateholders, the Agents or the Trustee, as the case may be, to elect to bring proceedings in any other court or courts of competent jurisdiction.

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

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

The parties to each of the English Law Documents have agreed to refer any unresolved dispute in relation to such documents to arbitration in the DIFC under the DIFC-LCIA Rules. Pursuant to Article 24 of DIFC Law No. 10 of 2004, the DIFC Court of First Instance has jurisdiction to ratify, *inter alia*, any recognised award made in arbitration proceedings in the DIFC. Article 42 of DIFC Law No. 1 of 2008 (the "**DIFC Arbitration Law**") provides that an arbitral award, irrespective of the State or jurisdiction in which it was made, shall be recognised as binding within the DIFC and, upon application in writing to the DIFC courts, shall be enforced subject to the provisions of Article 42, Article 43 and Article 44 of the DIFC Arbitration Law. Article 43 of the DIFC Arbitration Law states that, where a DIFC court decides that the award shall be recognised, it shall issue an order to that effect. Article 44 of the DIFC Arbitration Law provides a number of grounds upon which the recognition or enforcement of an arbitral award irrespective of the State or jurisdiction in which it was made, may be refused by the DIFC court, including where the DIFC courts find that: (i) the subject-matter of the relevant dispute would not have been capable of settlement by arbitration under the laws of the DIFC; or (ii) the enforcement of the award would be contrary to the public policy of the UAE. Moreover, Article 13 of DIFC Law No. 10 of 2005 provides that any express submission to arbitration in a contract shall be effective. Accordingly, although

it is not free from doubt that the DIFC courts would not re-examine a case on its merits, it is likely that the express submission to arbitration in the English Law Documents would be recognised by the DIFC courts and, subject to the provisions of the DIFC Arbitration Law, the DIFC courts will ratify an arbitral award issued pursuant to the terms of the arbitration agreement in the English Law Documents.

Under Article 7(2) of Dubai Law No. 12 of 2004 (as amended by Dubai Law No. 16 of 2011) (the "**Amended Judicial Authority Law**"), any final and executable arbitration award ratified by the DIFC courts (a "**DIFC Award**") shall, upon application to the courts of Dubai (the "**Dubai Courts**"), be executed by the execution judge. Further, Article 7(3)(c) of the Amended Judicial Authority Law provides that in considering the execution of a DIFC Award, the execution judge of the Dubai Courts shall apply the procedures and rules of execution stipulated by Federal Law No. 11 of 1992 (as amended) (the "**Civil Procedure Law**") without reconsidering the merits of such DIFC Awards.

Investors should note however that, as at the date of this Prospectus, the Amended Judicial Authority Law remains relatively new and untested and, accordingly: (i) there is no certainty as to how the DIFC courts intend to exercise their jurisdiction under this new law; and (ii) whilst the Dubai Courts have enforced DIFC Awards without reconsidering the merits of such DIFC Awards, how the Dubai Courts will interpret the Amended Judicial Authority Law is uncertain and this is reinforced by the lack of a system of binding judicial precedent in the UAE.

There also remains a doubt as to whether a DIFC Award would be capable of being enforced directly in the domestic courts of the emirates of the UAE outside of Dubai (such as Sharjah) or whether enforcement of such a DIFC Award would be interpreted by the domestic courts of the emirate in question as being subject to the "deputisation" or "referral" procedures under Article 221 of the Civil Procedure Law and therefore such enforcement would be refused on this basis.

If enforcement is required in Sharjah, judgments of the DIFC courts should, in theory, be enforceable directly not only by the Dubai Courts but also the courts of Sharjah as a domestic ruling requiring reciprocity, pursuant to Part 2 of UAE Federal Law No. 11 of 1973 Concerning Judicial Relations between the UAE Emirates. In addition, Article 7(2) of the Amended Judicial Authority Law provides that any DIFC Award shall, upon application by the relevant party to the "competent authority" outside the DIFC and being presented in the form and manner specified under Article 7(2) of the Amended Judicial Authority Law, be executed by such "competent authority" in accordance with procedures and rules adopted by such "competent authority" in this respect and any agreements or memoranda of understanding concluded between the DIFC courts and the "competent authority". Article 7(2) of the Amended Judicial Authority Law has been interpreted by some commentators as also applying to any "competent authority" located in any emirate of the UAE such that a DIFC Award may be enforced directly in other emirates without the need for referring the matter through the execution judge in Dubai to the execution judge in the relevant emirate pursuant to the "deputisation" or "referral" procedures under Article 221 of the Civil Procedure Law. However, the DIFC Court Guide "*Enforcing DIFC Court Judgments and Orders Outside the DIFC*" published in March 2015 (the "**Enforcement Guide**"), expresses the view that the prudent approach may be to enforce any DIFC Award in the Dubai Courts for referral by the execution judge of the Dubai Courts to the local "competent entity" in the courts of the relevant emirate pursuant to the "deputisation" or "referral" procedures under Article 221 of the Civil Procedure Law.

Accordingly, the prudent approach would be to enforce a DIFC Award in the Dubai Courts for referral by the execution judge of the Dubai Courts to the local "competent authority" in the courts of the relevant emirate (Sharjah) pursuant to the "deputisation" or "referral" procedures under Article 221 of the Civil Procedure Law.

In the event that any DIFC Award is enforced by the execution judge in the Dubai Courts and enforcement is then sought in the courts of another emirate (for example, Sharjah) pursuant to the "deputisation" or "referral" procedures under Article 221 of the Civil Procedure Law, there remains a risk that the enforcement of any such DIFC Award may be refused if: (i) the execution judge in the courts of the relevant emirate interprets the enforcement of such DIFC Award as being subject to the "deputisation" or "referral" procedures under Article 221 of the Civil Procedure Law and finds that such procedures were not complied with; (ii) the execution judge in the courts of the relevant emirate finds that there are legal reasons precluding such enforcement or if it is impossible for him to enforce for any other reason; (iii) objections to such enforcement are successfully raised in accordance with the terms of the Civil Procedure Law; or (iv) any decision of the execution judge of the Dubai Courts to enforce a DIFC Award

is successfully appealed and overturned in the circumstances set out in Article 222 of the Civil Procedure Law.

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

UAE law provides that public or private assets owned by the UAE or any of the Emirates may not be confiscated. It is likely that the Lease Assets will fall within the ambit of government assets and as such cannot be attached or executed upon.

GoS 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 the UAE and applicable in Sharjah.

Claims for specific enforcement

In the event that GoS fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of GoS's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by GoS to perform its obligations set out in the Transaction Documents to which it is a party.

No assurance can be given as to any change of law

The structure of the issue of the Certificates is based on English law, the laws of the Emirate of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE and administrative practices in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English, Sharjah or UAE law or administrative practices in such jurisdictions after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of GoS to comply with its obligations under the Transaction Documents to which it is a party.

Risks Related to the Market Generally

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

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold those Certificates for an indefinite period of time or until their maturity. An application has been made for the listing of the Certificates on the Irish Stock Exchange and on NASDAQ Dubai but there can be no assurance that any such listing will occur on or prior to the date of this Prospectus or at all, or, if it does occur, that it will enhance the liquidity of the Certificates.

Credit ratings may not reflect all risks

S&P and Moody's have each assigned a credit rating to the Certificates. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or

hold securities and may be revised or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price for the Certificates.

In general, European 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 and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU 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). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Exchange rate risks and exchange controls

The Trustee will make all payments 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 does 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. 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 Amount on a Certificate. As a result, investors may receive less 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.

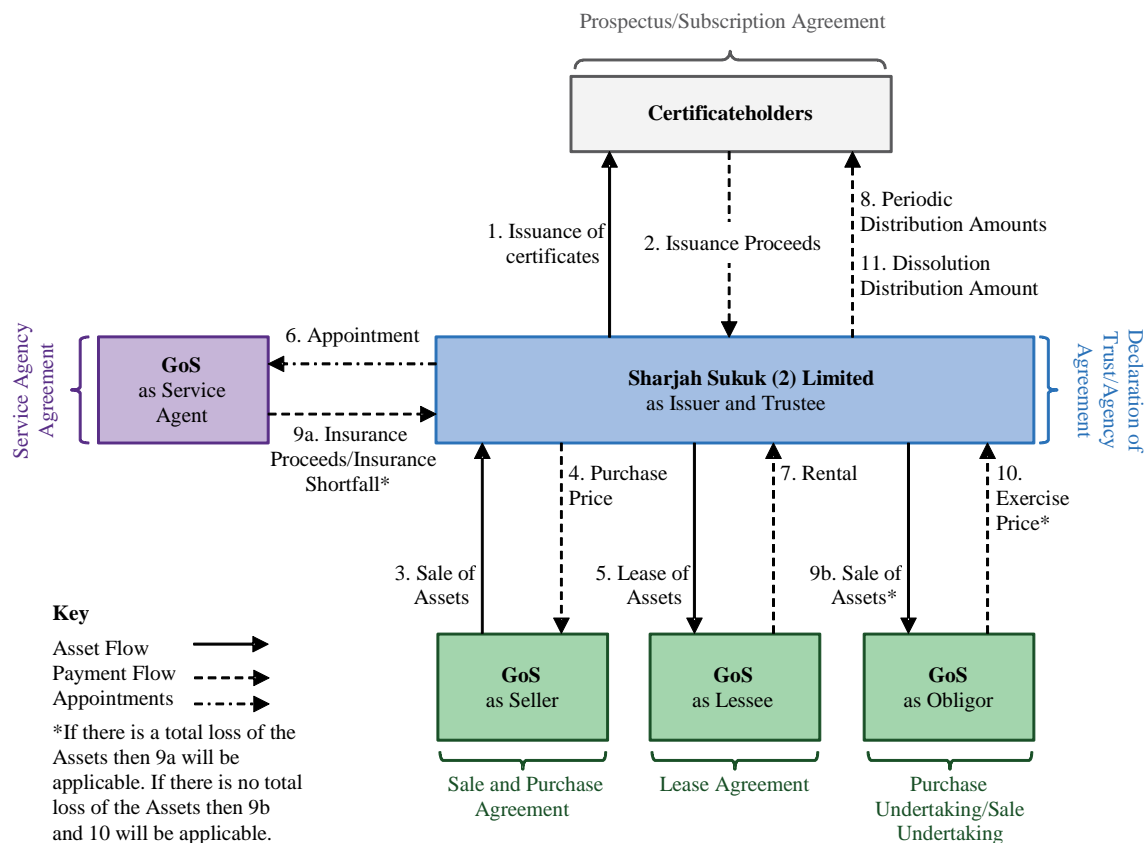
Interest rate risks

Investment in fixed rate debt instruments, such as the Certificates, involves the risk that subsequent changes in market interest rates may adversely affect the value of such fixed rate debt instruments.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying the Certificates. Potential investors are referred to the terms and conditions of the Certificates and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Principal cash flows

Payments by the Certificateholders and the Trustee

On the Closing Date, the Trustee will collect the proceeds from investors (the "**Proceeds**") to purchase from GoS pursuant to a sale and purchase agreement (the "**Sale and Purchase Agreement**"), certain real estate assets and buildings (the "**Assets**"). On the Closing Date, the Assets (the "**Lease Assets**") shall be leased by the Trustee (in such capacity, the "**Lessor**") to GoS (in such capacity, the "**Lessee**") pursuant to a lease agreement (the "**Lease Agreement**") in return for periodic payment of rent by GoS to the Trustee (the "**Rental**").

The Trustee will appoint GoS as its service agent (the "**Service Agent**") to provide certain services in respect of the Lease Assets pursuant to a service agency agreement (the "**Service Agency Agreement**").

Periodic Distribution Payments

Prior to each Periodic Distribution Date in respect of the Certificates, the Rental in respect of the previous Rental Period will be paid to an account of the Trustee (the "**Transaction Account**") in accordance with the Lease Agreement. Such Rental shall be sufficient to fund the amounts (other than the Dissolution Amount) payable under Condition 6.2 (*The Trust – Application of Proceeds from the Trust Assets*)

(including, but without limitation the Periodic Distribution Amounts payable by the Trustee in respect of the Certificates) and shall be applied by the Trustee for that purpose.

Dissolution Payments

On the Scheduled Dissolution Date, the Trustee will have the right under the Purchase Undertaking to require GoS to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets. The exercise price payable by GoS is intended to fund the Dissolution Amount payable by the Trustee.

The Trust may be dissolved prior to the Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event; (ii) following the occurrence of a Tax Event; and (iii) upon the occurrence of a Total Loss Event.

In the case of sub-paragraphs (i) and (ii), the amounts payable by the Trustee on the Dissolution Date will be funded in a similar manner as for the payment of the Dissolution Amount. In the case of sub-paragraph (iii), the amounts payable to Certificateholders will be an amount equal to the sum of: (A) the proceeds of any insurance policies which the Service Agent has entered into for and on behalf of the Trustee in respect of the relevant Lease Assets; and/or (B) any Total Loss Shortfall Amount which the Service Agent is required to transfer to the Transaction Account by no later than the 31st day after the occurrence of a Total Loss Event, such amount being intended to be sufficient in order to redeem the Certificates in full.

TERMS AND CONDITIONS OF THE CERTIFICATES

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

Each of the U.S.\$500,000,000 Certificates due 2021 will represent an undivided ownership interest in the Trust Assets (as defined in Condition 6.1 (*The Trust – The Trust Assets*)) which are held by Sharjah Sukuk (2) Limited (the "**Trustee**") on trust (the "**Trust**") for, *inter alia*, the benefit of the registered holders of the Certificates pursuant to a declaration of trust (the "**Declaration of Trust**") dated 27 January 2016 (the "**Closing Date**") and made between the Trustee, the Government of Sharjah acting through Sharjah Finance Department ("**GoS**") and HSBC Corporate Trustee Company (UK) Limited in its capacity as donee of the powers and as delegate of the Trustee pursuant to the Declaration of Trust (the "**Delegate**", which expression shall include any co-delegate or any successor). A sale and purchase agreement (the "**Sale and Purchase Agreement**") will be entered into on the Closing Date between the Trustee (in such capacity, the "**Purchaser**") and GoS (in such capacity, the "**Seller**"), whereby the Trustee will purchase and accept the transfer and conveyance from the Seller of, all of the Seller's interests, rights, title, benefit and entitlements, present and future, in, to and under certain assets identified in the Sale and Purchase Agreement (the "**Assets**"). The Assets (as may be amended from time to time pursuant to the terms of the Transaction Documents) (the "**Lease Assets**") will be leased by the Trustee (in such capacity, the "**Lessor**") to GoS (in such capacity, the "**Lessee**") pursuant to a lease agreement dated the Closing Date (the "**Lease Agreement**"). Pursuant to the Lease Agreement, the Lessee shall agree to make periodic rental payments ("**Rental**") to the Lessor in respect of the Lease Assets.

Payments relating to the Certificates will be made pursuant to an agency agreement dated the Closing Date (the "**Agency Agreement**") made between the Trustee, the Delegate, GoS, HSBC Bank plc in its capacities as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor and, together with any further or other paying agents appointed from time to time in accordance with the Agency Agreement, the "**Paying Agents**", which expression shall include any successors) and calculation agent (in such capacity, the "**Calculation Agent**", which expression shall include any successor) and HSBC Bank plc in its capacities as registrar (in such capacity, the "**Registrar**", which expression shall include any successor) and as transfer agent (in such capacity and together with the Registrar, the "**Transfer Agents**", which expression shall include any successors). The Paying Agents, the Calculation Agent and the Transfer Agents are together referred to in these Conditions as the "**Agents**".

Subject as set out below, copies of the documents set out below are available for inspection and obtainable free of charge by the Certificateholders (as defined below) during normal business hours at the specified office for the time being of the Principal Paying Agent. The holders of the Certificates (the "**Certificateholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

- (a) the service agency agreement between the Trustee and GoS (in its capacity as service agent, the "**Service Agent**") dated the Closing Date (the "**Service Agency Agreement**");
- (b) the purchase undertaking made by GoS for the benefit of the Trustee and the Delegate dated the Closing Date (the "**Purchase Undertaking**");
- (c) the sale and substitution undertaking made by the Trustee for the benefit of GoS dated the Closing Date (the "**Sale and Substitution Undertaking**");
- (d) the Sale and Purchase Agreement;
- (e) the Lease Agreement;
- (f) the Declaration of Trust; and
- (g) the Agency Agreement.

The documents listed above in (a) to (g) (inclusive) are referred to in these Conditions as the "**Transaction Documents**". The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders, to: (i) apply the sums paid by it in respect of its Certificates to the Purchaser in accordance with the Sale and Purchase Agreement; and (ii) enter into each Transaction Document to which it is a party, subject to the provisions of the Declaration of Trust and these Conditions.

1. INTERPRETATION

Words and expressions defined in the Declaration of Trust and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated. In addition, in these Conditions:

- (i) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 (*Taxation*) and Condition 14 (*Capital Distributions of the Trust*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (ii) references to Certificates being "**outstanding**" shall be construed in accordance with the Declaration of Trust; and
- (iii) any reference to a Transaction Document (as defined above) shall be construed as a reference to that Transaction Document as amended and/or supplemented from time to time,

and in these Conditions, the following expressions shall have the following meanings:

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City, Sharjah and London;

"Cancellation Assets" means the Lease Assets specified as such in a cancellation notice served pursuant to the Sale and Substitution Undertaking, the identity of which shall be determined by GoS in its sole and absolute discretion (but without prejudice to the interests of the Trustee), subject only as provided in paragraph (c) of Clause 2.1 of the Sale and Substitution Undertaking;

"Certificates" means the U.S.\$500,000,000 trust certificates due 2021 (representing undivided ownership interests in the Trust Assets) to be issued on the Closing Date and constituted by the Declaration of Trust and includes any replacements for Certificates issued pursuant to Condition 17 (*Replacement of Definitive Certificates*) being in definitive or global form, as the context may require;

"Definitive Certificate" means a trust certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Declaration of Trust in exchange for the Global Certificate, such trust certificate substantially in the form set out in the Schedules to the Declaration of Trust;

"Dispute" has the meaning given to it in Condition 22.2 (*Governing Law and Dispute Resolution – Agreement to arbitrate*);

"Dissolution Amount" means, in relation to each Certificate, the aggregate face amount of that Certificate, together with any accrued but unpaid Periodic Distribution Amount;

"Dissolution Date" means, the earlier to occur of:

- (a) the Scheduled Dissolution Date;
- (b) the Tax Dissolution Date;
- (c) the Total Loss Dissolution Date;

(d) the date on which all of the Certificates are cancelled following the purchase of such Certificates by or on behalf of GoS and/or any of its subdivisions pursuant to Condition 13.1 (*Purchase and Cancellation of Certificates – Purchases*); and

(e) the Dissolution Event Redemption Date;

"Dissolution Event" has the meaning given to it in Condition 15 (*Dissolution Events*);

"Dissolution Event Redemption Date" has the meaning given to it in Condition 15 (*Dissolution Events*);

"Dissolution Notice" has the meaning given to it in Condition 15 (*Dissolution Events*);

"Dissolution Request" has the meaning given to it in Condition 15 (*Dissolution Events*);

"Exercise Notice" means an exercise notice served pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking (as the case may be);

"Exercise Price" means the amount set out in the relevant Exercise Notice;

"Extraordinary Resolution" has the meaning given to it in Condition 19 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*);

"Financial Indebtedness" means any indebtedness for or in respect of:

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

"GoS Event" has the meaning given to it in Condition 15 (*Dissolution Events*);

"New Assets" means the assets specified as such in a substitution notice served pursuant to the Sale and Substitution Undertaking, the identity of which shall be determined by GoS in its sole and absolute discretion subject only as provided in paragraph (b) of Clause 2.1 of the Sale and Substitution Undertaking;

"Payment Business Day" means:

- (a) in the case where presentation and surrender of a Definitive Certificate is required before payment can be made, a day on which banks in the relevant place of surrender of the Definitive Certificate are open for presentation and payment of securities and for dealings in foreign currencies; and
- (b) in the case of payment by transfer to an account, a day on which banks are open for general business (including dealings in foreign currencies) in New York City, Sharjah and London;

"Periodic Distribution Amount" has the meaning given to it in Condition 8.1 (*Periodic Distributions – Periodic Distribution Amounts and Periodic Distribution Dates*);

"Periodic Distribution Date" has the meaning given to it in Condition 8.1 (*Periodic Distributions – Periodic Distribution Amounts and Periodic Distribution Dates*);

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

"Proceedings" has the meaning given to it in Condition 22.4 (*Governing Law and Dispute Resolution – Effect of exercise of option to litigate*);

"Record Date" means: (i) (where the Certificate is represented by the Global Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date or Dissolution Date, as the case may be; or (ii) (where the Certificate is in definitive form), in the case of the payment of a Periodic Distribution Amount, the date falling on the fifteenth day before the relevant Periodic Distribution Date and, in the case of the payment of the Dissolution Amount, the date falling two Payment Business Days before the Dissolution Date, as the case may be;

a Certificateholder's **"registered account"** means the account maintained by or on behalf of such Certificateholder with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant Record Date;

a Certificateholder's **"registered address"** means its address appearing on the Register at that time;

"Relevant Date" means, in relation to any payment, whichever is the later of: (i) the date on which the payment in question first becomes due; and (ii) 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 has been so received;

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

"Relevant Jurisdiction" means the Cayman Islands and the United Arab Emirates and, in either case, any political subdivision or authority thereof or therein having the power to tax;

"Relevant Period" has the meaning given to it in Condition 8.2 (*Periodic Distributions – Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date*);

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

"Reserved Matter" has the meaning given to it in Schedule 4 of the Declaration of Trust;

"Return Accumulation Period" has the meaning given to it in Condition 8.2 (*Periodic Distributions – Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date*);

"Rules" has the meaning given to it in Condition 22.2 (*Governing Law and Dispute Resolution – Agreement to arbitrate*);

"Sale Agreement" means an agreement substantially in the form set out in schedule 4 (*Form of Sale/Transfer Agreement*) to the Sale and Substitution Undertaking;

"Scheduled Dissolution Date" means 27 January 2021;

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

"Signing Date" means 25 January 2016;

"Specified Denomination" has the meaning given to it in Condition 2.1 (*Form, Denomination and Title – Form and Denomination*);

"Substituted Assets" means the Lease Asset(s) specified as such in a substitution notice served pursuant to the Sale and Substitution Undertaking, the identity of which shall be determined by GoS in its sole and absolute discretion (but without prejudice to the interests of the Trustee), subject only as provided in paragraph (b) of Clause 2.1 of the Sale and Substitution Undertaking;

"Taxes" means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction;

"Tax Dissolution Date" has the meaning given to it in Condition 14.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*);

"Tax Event" has the meaning given to it in Condition 14.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*);

"Total Loss Dissolution Date" means the date falling 31 days after a Total Loss Event;

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

"Total Loss Shortfall Amount" has the meaning given to it in Condition 14.3 (*Capital Distributions of the Trust – Dissolution following a Total Loss Event*);

"Transaction Account" means, the non-interest bearing transaction account established by the Trustee and held with the Principal Paying Agent denominated in U.S. dollars into which, among other things: (i) the Lessee will deposit the amounts of Rental due to the Trustee; and (ii) the Delegate will deposit all the proceeds of any action to enforce or realise the Trust Assets taken in accordance with Condition 16 (*Enforcement*);

"Trust Assets" has the meaning given to it in Condition 6.1 (*The Trust – The Trust Assets*); and

"Value" means: (i) in respect of any Lease Asset (including, for the avoidance of doubt, any Substituted Asset or Cancellation Asset) the amount in U.S. dollars paid by the Trustee to GoS in accordance with the terms of the Sale and Purchase Agreement or, where such Lease Asset was acquired by the Trustee pursuant to the exercise of the Sale and Substitution Undertaking, the amount specified as such in the relevant Sale Agreement as the "Value" of that asset; and (ii) in respect of any New Asset (which is not a Lease Asset), the amount in U.S. dollars determined by

GoS as being the value of that New Asset on the date of the relevant Sale Agreement and specified as such in the relevant Sale Agreement.

2. **FORM, DENOMINATION AND TITLE**

2.1 **Form and Denomination**

The Certificates are issued in registered form in face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 (each a "**Specified Denomination**") in excess thereof. A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Certificateholders (the "**Register**") which the Trustee will cause to be kept by the Registrar in accordance with the provisions of the Agency Agreement.

Upon issue, the Certificates will be represented by beneficial interests in the Global Certificate, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *societe anonyme* ("**Clearstream, Luxembourg**"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.

2.2 **Title**

Title to the Certificates passes only by registration in the Register. Subject to the terms of the Global Certificate, the registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

The Trustee and the Delegate may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Certificateholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Certificates credited to his or her securities account.

3. **TRANSFERS OF CERTIFICATES**

3.1 **Transfers**

Subject to Condition 3.4 (*Transfers of Certificates – Closed Periods*), Condition 3.5 (*Transfers of Certificates – Regulations*) and the provisions of the Agency Agreement, a Certificate may be transferred whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back, duly completed and signed, at the specified office of any Transfer Agent together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Certificates represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

3.2 **Delivery of New Certificates**

Each new Certificate to be issued upon any transfer of Certificates will, within three (3) business days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the

Certificate to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day (other than a Saturday or Sunday) on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Certificates in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Certificates not so transferred will, within five (5) business days of receipt by the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Global Certificate will not be entitled to receive physical delivery of Certificates.

3.3 **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Trustee, Registrar or Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of fifteen (15) days ending on (and including) the due date for any payment of the Dissolution Amount or any Periodic Distribution Amount or any other date on which payment of the face amount (or any part thereof) or payment of any profit in respect of a Certificate falls due.

3.5 **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

Unless otherwise requested by him, each Certificateholder shall be entitled to receive, in accordance with Condition 2.1 (*Form, Denomination and Title – Form and Denomination*), only one Certificate in respect of his or her entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2 (*Transfers of Certificates – Delivery of New Certificates*).

4. **STATUS AND LIMITED RECOURSE**

4.1 **Status**

Each Certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Declaration of Trust and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

4.2 **Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in the next sentence, the Certificates do not represent an interest in or obligation of any of the Trustee, GoS, the Delegate, the Agents or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that:

- (i) they will not have recourse to any assets of the Trustee, the Delegate, the Agents, or any of their respective affiliates in respect of any shortfall in the expected amounts from the

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

- (ii) any recourse to the assets of GoS shall be limited to the Trust Assets, which include obligations of GoS under the Transaction Documents.

GoS is obliged to make certain payments under the Transaction Documents directly to the Trustee (for and on behalf of the Certificateholders), and the Delegate (acting in the name of and on behalf of the Trustee) will have direct recourse against GoS to recover such payments.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 16 (*Enforcement*), no holder of Certificates will have any claim against the Trustee, GoS (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates or against any assets (other than the Trust Assets to the extent not exhausted) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding-up or receivership of the Trustee, GoS (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

4.3 **Agreement of Certificateholders**

By purchasing Certificates, each Certificateholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (i) no payment of any amount whatsoever shall be made by any of the Trustee, the Delegate (acting in the name and on behalf of the Trustee) or any of their respective agents on their behalf except to the extent funds are available therefor from the Trust Assets;
- (ii) no recourse shall be had for the payment of any amount owing hereunder or under any relevant 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 (and/or its directors, officers, administrators or shareholders), GoS (and/or its officers) (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, any Agent or any of their respective agents or affiliates to the extent the Trust Assets have been exhausted following which all obligations of the Trustee, the Delegate, GoS, any Agents and their respective agents or affiliates shall be extinguished;
- (iii) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;
- (iv) no recourse under any obligation, covenant or agreement contained in any Transaction Document shall be had against any shareholder, member, officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under the Transaction Documents to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee save in the case of their willful default or actual fraud. Reference in these Conditions to willful 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
- (v) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any

jurisdiction, in respect of such Certificate. No collateral is or will be given for the payment obligations by the Trustee under the Certificates.

5. **NEGATIVE PLEDGE**

GoS has agreed in the Purchase Undertaking that for so long as any Certificate remains outstanding, it will not create or permit to subsist any Security Interest upon the whole or any part of its present or future assets or revenues to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of Relevant Indebtedness or a Relevant Sukuk Obligation, of any Person, without:

- (a) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is, in whatever capacity, a party; or*
- (b) providing such other Security Interest for the obligations of GoS under the Transaction Documents as may be approved by an Extraordinary Resolution of the Certificateholders.*

6. **THE TRUST**

6.1 **The Trust Assets**

Pursuant to the Sale and Purchase Agreement, the Trustee will purchase from GoS the Assets using the proceeds of the issue of the Certificates. Pursuant to the Lease Agreement, the Lessor will lease the Lease Assets to the Lessee in consideration for periodic payment of Rental by the Lessee. The Trustee has also entered into the Service Agency Agreement with GoS as service agent in respect of the Lease Assets.

GoS has entered into the Purchase Undertaking in favour of the Trustee and the Delegate under which it has granted the Trustee the right to require GoS to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets on the Scheduled Dissolution Date or, if earlier, on the due date for dissolution in accordance with Condition 14 (*Capital Distributions of the Trust*) at the Dissolution Amount.

Pursuant to the Sale and Substitution Undertaking, subject to the Trustee being entitled to redeem the Certificates early pursuant to Condition 14.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), GoS may, by exercising its option under the Sale and Substitution Undertaking and serving notice on the Trustee no later than 60 days prior to the Tax Dissolution Date (as defined in Condition 14.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*)), oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Lease Assets on the Tax Dissolution Date at the Dissolution Amount.

Following any purchase of Certificates by or on behalf of GoS or any of its subdivisions pursuant to Condition 13.1 (*Purchase and Cancellation of Certificates – Purchases*), the Sale and Substitution Undertaking may be exercised in respect of the purchase by GoS of the Trustee's rights, title, interests, benefits and entitlements in, to and under a portion of the Lease Assets with an aggregate Value no greater than the aggregate face amount of the Certificates so purchased in consideration for the cancellation of such Certificates.

The Sale and Substitution Undertaking also grants GoS the right to substitute any Lease Asset for another asset, which has a value that is at least equal to the Value of the Lease Asset being substituted. Such a substitution may only occur on a Periodic Distribution Date.

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

- (a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Lease Assets;
- (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (excluding: (i) any representations given by GoS to the

Trustee and the Delegate pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee or the Delegate in any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to Clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Declaration of Trust); and

- (c) all monies standing to the credit of the Transaction Account,

and in each case all proceeds of the foregoing which are held by the Trustee upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the terms of the Declaration of Trust and the Conditions.

6.2 Application of Proceeds from the Trust Assets

On each Periodic Distribution Date and on the Dissolution Date, the monies standing to the credit of the Transaction Account shall be applied by the Principal Paying Agent in the following order of priority:

- (a) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under, or which it is entitled to receive pursuant to, the Transaction Documents in its capacity as Delegate in accordance with the terms of the Declaration of Trust and to any receiver, manager or administrative receiver or any other analogous officer and any agent appointed or employed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;
- (b) *second*, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all amounts properly incurred and documented (each in the sole opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; and (ii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;
- (c) *third*, only if such payment is due on a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts which are due but unpaid;
- (d) *fourth*, only if such payment is made on the Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Amount or the amount payable as a result of a Total Loss Event, as the case may be; and
- (e) *fifth*, only if such payment is made on the Dissolution Date, to the Service Agent to retain as an incentive payment in accordance with the Service Agency Agreement.

7. COVENANTS

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

- (a) incur any indebtedness, in respect of borrowed money whatsoever (including any Islamic financing), 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) or any other certificates except, in all cases, as contemplated in the Transaction Documents;
- (b) save as permitted by the Transaction Documents, grant or permit to be outstanding 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);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or

otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets, except pursuant to the Transaction Documents;

- (d) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (e) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association and by-laws;
- (f) act as trustee in respect of any trust (other than pursuant to the Declaration of Trust);
- (g) have any subsidiaries or employees;
- (h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (i) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, 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 any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:
 - (A) as provided for or permitted in the Transaction Documents;
 - (B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (C) such other matters which are incidental thereto.

8. PERIODIC DISTRIBUTIONS

8.1 Periodic Distribution Amounts and Periodic Distribution Dates

Subject to Condition 6.2 (*The Trust – Application of Proceeds from the Trust Assets*) and Condition 9 (*Payments*), the Principal Paying Agent shall distribute to holders of the Certificates, *pro rata* to their respective holdings, out of amounts transferred into the Transaction Account, a distribution in relation to the Certificates on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount. The Periodic Distribution Amount payable on each Periodic Distribution Date shall be U.S.\$19.195 per U.S.\$1,000 in face amount of Certificates (the "**Periodic Distribution Amount**"). For this purpose, "**Periodic Distribution Date**" means the twenty seventh day of July and the twenty seventh day of January in each year commencing on 27 July 2016 and, subject to Condition 8.3 (*Periodic Distributions – Cessation of Accrual*), ending on the Scheduled Dissolution Date.

8.2 Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of: (a) 3.839 per cent. per annum; (b) the face amount of the relevant Certificate; and (c) the number of days in such Relevant Period calculated on the basis of a year of 12 30-day months divided by 360 (with the result being rounded to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards). The period from and including the Closing Date to but excluding the first Periodic Distribution Date and each successive period from and including a

Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date is called a "**Return Accumulation Period**".

8.3 **Cessation of Accrual**

No further amounts will be payable on any Certificate from and including its due date for redemption, unless default is made in payment of the Dissolution Amount, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 8 (*Periodic Distributions*), provided that, in respect of such accrual, no sale agreement has been executed or a Total Loss Event has occurred.

9. **PAYMENTS**

9.1 **Payments in respect of the Certificates**

Subject to Condition 9.2 (*Payments – Payments subject to Applicable Laws*), payment of any Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder. Payments of any Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. The Dissolution 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.

9.2 **Payments subject to Applicable Laws**

All payments in respect of the Certificates will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an inter-governmental approach thereto. No commissions or expenses shall be charged to the Certificateholders in respect of such payments.

9.3 **Payment only on a Payment Business Day**

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of the Dissolution Amount, if later, on the Payment Business Day on which the relevant Definitive Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the relevant Certificateholder is late in surrendering its Definitive Certificate (if required to do so).

If the amount of the Dissolution 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.

10. **AGENTS**

10.1 **Agents of Trustee**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or any other party to the Transaction Documents. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

10.2 Specified Offices

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided, however, that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Registrar;
- (c) there will at all times be a Calculation Agent;
- (d) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and
- (e) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (as amended) or any law implementing or complying with, or introduced to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 18 (*Notices*).

11. TAXATION

All payments in respect of the Certificates shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by the parties entitled thereto, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:

- (a) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or
- (b) presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Business Day.

GoS has covenanted in the Declaration of Trust that in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11 (Taxation), it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by it in respect of the Certificates pursuant to this Condition 11 (Taxation).

The Purchase Undertaking and the Sale and Substitution Undertaking provide that payments and transfers thereunder by GoS shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment or transfer, as the case may be, by GoS, of additional amounts so that the full amount which would otherwise have been due and payable or transferable, as the case may be, is received by the Trustee.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of 10 years (in the case of the Dissolution Amount) and a period of five years (in

the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 9 (*Payments*).

13. **PURCHASE AND CANCELLATION OF CERTIFICATES**

13.1 **Purchases**

GoS or any of its subdivisions may at any time purchase Certificates at any price in the open market or otherwise.

13.2 **Cancellation of Certificates held by GoS and/or any of its subdivisions**

Following any purchase of Certificates by or on behalf of GoS or any of its subdivisions pursuant to Condition 13.1 (*Purchase and Cancellation of Certificates – Purchases*), the Sale and Substitution Undertaking may be exercised by GoS to oblige the Trustee to transfer its rights, title, interests, benefits and entitlements in, to and under a portion of the Lease Assets with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased against cancellation of such Certificates pursuant to Condition 14.5 (*Capital Distributions of the Trust – Cancellations*).

13.3 **Dissolution of the Trust upon cancellation of all outstanding Certificates**

In the event GoS and/or any of its subdivisions purchase all the outstanding Certificates and all such Certificates are subsequently cancelled by the Trustee, the Trust will be dissolved and 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.

14. **CAPITAL DISTRIBUTIONS OF THE TRUST**

14.1 **Scheduled Dissolution**

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Trustee will redeem each Certificate on the Scheduled Dissolution Date at the Dissolution Amount (which, for the avoidance of doubt, shall include any Periodic Distribution Amounts payable). Upon payment in full of such amounts to the Certificateholders, the Trust will be dissolved, 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.

14.2 **Early Dissolution for Tax Reasons**

The Certificates may be redeemed by the Trustee in whole, but not in part at any time (such date, the "**Tax Dissolution Date**") on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), at the Dissolution Amount (which, for the avoidance of doubt, shall include any accrued but unpaid Periodic Distribution Amounts), if a Tax Event occurs where "**Tax Event**" means:

- (a) the determination by GoS that: (1) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (excluding the Emirate of Sharjah) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date; and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) the receipt by the Trustee of notice from GoS that: (1) GoS has or will become obliged to pay additional amounts pursuant to the terms of the Lease Agreement or the Purchase Undertaking as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (excluding the Emirate of Sharjah) or any change in the application or official interpretation of such laws or regulations, which change or amendment

becomes effective on or after the Signing Date; and (2) such obligation cannot be avoided by GoS taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given unless an Exercise Notice has been received by the Trustee from GoS under the Sale and Substitution Undertaking and no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which: (i) (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due; or (ii) (in the case of (b) above) GoS would be obliged to pay such additional amounts if a payment to the Trustee under the Lease Agreement or the Purchase Undertaking (as the case may be) was then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate: (i) a certificate signed by one director of the Trustee (in the case of (a) above) or two authorised signatories of Sharjah Finance Department (acting on behalf of Government of Sharjah) (in the case of (b) above) stating that the Trustee is entitled to effect such dissolution and redemption and setting forth a statement of facts showing that the conditions precedent in (a) or (b) above to the right of the Trustee so to dissolve have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or, as the case may be, GoS has or will become obliged to pay such additional amounts as a result of such change or amendment. The Delegate shall be entitled to accept (without further investigation) any such certificate and opinion as sufficient evidence thereof without incurring any liability to any person in which event it shall be conclusive and binding on the Certificateholders. Upon the expiry of any such notice as is referred to in this Condition 14.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), the Trustee shall be bound to redeem the Certificates at the Dissolution Amount (which, for the avoidance of doubt, shall include any accrued but unpaid Periodic Distribution Amount) and, upon payment in full of such amounts to the Certificateholders, the Trust will be dissolved, 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.

14.3 **Dissolution following a Total Loss Event**

Upon the occurrence of a Total Loss Event, the Certificates shall be redeemed and the Trust dissolved on the Total Loss Dissolution Date. The Certificates will be redeemed using 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 30th day after the occurrence of the Total Loss Event. Upon such redemption, the Trust will dissolve, 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.

Under the Service Agency Agreement, the Service Agent undertakes to be responsible for ensuring that the Lease Assets are properly insured (on a takaful basis if at all possible) against total loss in an amount equal to its full reinstatement value (which value will be a sum not to be less than the aggregate outstanding face amount of the Certificates, together with a provision for 30 days' of profit). If, following the occurrence of a Total Loss Event, the amount (if any) credited to the Transaction Account is less than the Full Reinstatement Value, the difference between such Full Reinstatement Value and the amount credited to the Transaction Account shall be the "Total Loss Shortfall Amount". In the event that the Service Agent fails to comply with its obligations to insure the Lease Assets for an amount at least equal to the Full Reinstatement Value and to ensure that insurance proceeds are paid into the Transaction Account within 30 days of such Total Loss Event, it shall be liable to compensate the Trustee for any Total Loss Shortfall Amount, which will be payable (in same day, freely transferable, cleared funds) directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Upon the occurrence of a Total Loss Event, all of the Rental that has accrued pursuant to the Lease Agreement shall be credited to the Transaction Account by the Lessee. The aggregate of such amounts and any insurance proceeds and/or Total Loss Shortfall Amount are intended to be equal to the aggregate face amount of the Certificates together with all accrued and unpaid Periodic Distribution Amounts.

14.4 **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust, otherwise than as provided in Condition 13 (*Purchase and Cancellation of Certificates*), this Condition 14 (*Capital Distributions of the Trust*) and Condition 15 (*Dissolution Events*).

14.5 **Cancellations**

All Certificates which are redeemed, and all Certificates purchased by or on behalf of GoS or any of its subdivisions and delivered by GoS to the Principal Paying Agent for cancellation, will forthwith be cancelled and accordingly such Certificates may not be held, reissued or resold.

15. **DISSOLUTION EVENTS**

Upon the occurrence and continuation of any of the following events (each a "**Dissolution Event**"):

- (a) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Amount, such default continues unremedied for a period of seven (7) Business Days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of fourteen (14) Business Days; or
- (b) the Trustee fails to perform or observe any one or more of its other duties, obligations or undertakings under the Certificates or the Transaction Documents, which failure is, in the sole opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate capable of remedy, is not, in the sole opinion of the Delegate, remedied within the period of thirty (30) days following the service by the Delegate of a notice on the Trustee requiring the same to be remedied; or
- (c) a GoS Event occurs; or
- (d) the Trustee repudiates the Declaration of Trust or does or causes to be done any act or thing evidencing an intention to repudiate the Declaration of Trust; or
- (e) at any time it is or will become unlawful or impossible for the Trustee to perform or comply with any or all of its obligations under the Certificates or the Transaction Documents or any of the obligations of the Trustee under the Certificates or the Transaction Documents are not or cease to be legal, valid, and binding; or
- (f) either: (i) the Trustee is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due; or (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) an order or decree is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Trustee; or
- (h) any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (f) and (g) above,

the Delegate, upon receiving notice thereof under the Declaration of Trust or otherwise becoming aware of a Dissolution Event and subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall promptly give notice of the occurrence of such Dissolution Event to the holders of Certificates in accordance with Condition 18 (*Notices*) with a request to such holders

to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved. Following the issuance of such notice, the Delegate in its sole discretion may, and if so requested in writing by the holders of at least one-fifth of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Certificates (each a "**Dissolution Request**") shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Dissolution Notice**") to the Trustee, GoS and the holders of the Certificates in accordance with Condition 18 (*Notices*) that the Certificates are immediately due and payable at the Dissolution Amount, on the date of such notice (the "**Dissolution Event Redemption Date**"), whereupon they shall become so due and payable. If it has not already done so, (so long as a Total Loss Event has not occurred), the Trustee (or the Delegate acting on behalf of the Certificateholders) shall exercise its rights under the Purchase Undertaking by serving an Exercise Notice on GoS.

Upon payment in full of such amounts, the Trust will be dissolved, 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.

For the purposes of paragraph (a) above, amounts shall be considered due in respect of the Certificates (including for the avoidance of doubt any amounts calculated as being payable under Condition 8 (*Periodic Distributions*) and Condition 14 (*Capital Distributions of the Trust*)) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts.

For the purposes of this Condition 15 (*Dissolution Events*), "**GoS Event**" shall mean each of the following events:

- (a) if default is made by GoS in the payment of: (i) any Rental to be paid into the Transaction Account by the Lessee in accordance with the terms of the Lease Agreement and the default continues for a period of fourteen (14) Business Days; or (ii) the Exercise Price or any Total Loss Shortfall Amount and the default continues for a period of seven (7) Business Days; or
- (b) if GoS fails to perform or observe any one or more of its other obligations under the Lease Agreement or the Purchase Undertaking, which failure is incapable of remedy or, if in the sole opinion of the Delegate capable of remedy, is not, in the sole opinion of the Delegate, remedied within the period of thirty (30) days following the service by the Delegate on GoS of notice requiring the same to be remedied; or
- (c) if any Financial Indebtedness of GoS is not paid when due nor within any originally applicable grace period or any such Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described) provided, however, that it shall not constitute a GoS Event under this paragraph (c) unless the aggregate amount of all such Financial Indebtedness shall be more than U.S.\$30,000,000 (or its equivalent in any other currency or currencies); or
- (d) if any execution, distress, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of GoS or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, and any such event is not discharged within 30 days; or
- (e) if GoS fails to comply with or pay any sum which amount shall not be less than U.S.\$30,000,000 (or its equivalent in any other currency or currencies) due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for a period of 60 days next following the service by the Delegate on GoS of notice requiring the same to be paid/remedied; or
- (f) if GoS enters into an arrangement with its creditors generally for the rescheduling or postponement of any Financial Indebtedness, as a result of its inability or potential

inability to fulfill its obligations to them, or a moratorium on the payment of all or any part of the Financial Indebtedness of GoS is declared; or

- (g) if the validity of GoS's obligations under the Transaction Documents is contested by GoS or GoS denies any of its obligations under the Transaction Documents or as a result of any change in, or amendment to, the laws or regulations in the United Arab Emirates or the Emirate of Sharjah, which change or amendment takes place after the Signing Date: (i) it becomes unlawful for GoS to perform or comply with any of its obligations under or in respect of the Transaction Documents; or (ii) any such obligations become unenforceable or invalid; or
- (h) the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process by GoS in respect of the whole of the Lease Assets; or
- (i) if any action, condition or thing at any time required to be taken, fulfilled or done in order:
 - (i) to enable GoS lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents; or
 - (ii) to ensure that those obligations are legal, valid, binding and enforceable,is not taken, fulfilled or done.

16. ENFORCEMENT

16.1 Enforcement

Upon: (i) the occurrence of a Dissolution Event and the delivery of a Dissolution Notice by the Delegate pursuant to Condition 15 (*Dissolution Events*), to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 15 (*Dissolution Events*); or (ii) the failure to pay the Dissolution Amount on the Total Loss Dissolution Date, subject to Condition 16.2 (*Enforcement – Delegate not obliged to take action*), the Delegate (acting on behalf of Certificateholders) shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking against GoS and/or the Service Agency Agreement against the Service Agent; and/or
- (b) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

16.2 Delegate not obliged to take action

The Delegate shall not be bound in any circumstances to take any action, proceeding or step to enforce or to realise the Trust Assets or take any action against the Trustee and/or GoS under any Transaction Document unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least one-fifth of the then aggregate face amount of the Certificates outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all costs, losses, damages, expenses or liabilities to which it may thereby render itself liable or which it may incur by so doing, provided that the Delegate shall not be liable for the consequences of taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

16.3 Direct Enforcement by Certificateholder

No Certificateholder shall be entitled to proceed directly against the Trustee or GoS or provide instructions (not otherwise permitted by the Declaration of Trust) to the Delegate to proceed against the Trustee and/or GoS under any Transaction Document unless: (i) the Delegate, having become bound to proceed pursuant to Condition 16.2 (*Enforcement – Delegate not obliged to take action*) fails to do so within a reasonable period of becoming so bound and such failure is continuing; and (ii) the relevant Certificateholder (or such Certificateholder together with the

other Certificateholders who propose to proceed directly against any of the Trustee or GoS as the case may be) holds at least one-fifth of the then aggregate face amount of the Certificates outstanding. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than pursuant to the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and GoS shall be to enforce their respective obligations under the Transaction Documents.

16.4 **Limited Recourse**

Conditions 16.1 to 16.3 (inclusive) above are subject to the provisions of Condition 4.2 (*Status and Limited Recourse – Limited Recourse*).

17. **REPLACEMENT OF DEFINITIVE CERTIFICATES**

Should any Definitive Certificate be 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 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 the replacement and on such terms as to evidence and indemnity as the Trustee, GoS, the Registrar, the Paying Agent or the Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

18. **NOTICES**

All notices to Certificateholders will be valid if:

- (a) published in a daily newspaper having general circulation in London (which is expected to be the Financial Times); or
- (b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

Until such time as any Definitive Certificates are issued, there may, so long as the Global Certificate representing the Certificates is held on behalf of one or more clearing systems, be substituted for such publication in such newspaper(s) and/or mailing in accordance with paragraph (b) above the delivery of the relevant notice to the relevant clearing systems for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders on the day after the day on which the said notice was given to the relevant clearing systems.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst the Certificates are represented by a Global Certificate held on behalf of one or more clearing systems, such notice may be given by any holder of a Certificate to the Principal Paying Agent through the clearing system in which its interest in the Certificates is held in such manner as the Principal Paying Agent and the relevant clearing system may approve for this purpose.

19. **MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**
- 19.1 The Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or the provisions of the Declaration of Trust or any other Transaction Document. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than half of the aggregate face amount of the outstanding Certificates, or at any adjourned such meeting one or more persons present whatever the outstanding face amount of the Certificates held or represented by him or them, except that at any meeting the business of which includes the modification of certain provisions of the Certificates (including, among others, modifying the Scheduled Dissolution Date, reducing or cancelling any amount payable in respect of the Certificates or altering the currency of payment of the Certificates, amending the covenant given by the Trustee and the Delegate in Clause 13.1 (*Application of Moneys*) of the Declaration of Trust or Condition 6.2 (*The Trust – Application of Proceeds from the Trust Assets*), modifying the provisions contained in the Conditions and the Declaration of Trust concerning the quorum required at any meeting of the Certificateholders or the majority required to pass an Extraordinary Resolution or changing any of GoS's covenants set out in the Purchase Undertaking or any of its covenants to make a payment under any Transaction Document to which it is a party), the quorum shall be one or more persons present holding or representing three quarters in the outstanding face amount of the Certificates, or at any adjourned such meeting one or more persons present holding or representing one quarter in the outstanding face amount of the Certificates. The expression "**Extraordinary Resolution**" is defined in the Declaration of Trust to mean either: (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than three-quarters of the votes cast; or (ii) a resolution in writing signed by or on behalf of the holders of the Certificates representing in the aggregate not less than 90 per cent. in the outstanding face amount of the Certificates who are entitled to receive notice of the meeting.
- 19.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or any other Transaction Document, or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or an event which, with the giving of notice, lapse of time, determination of materiality or fulfillment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event shall not be treated as such if, in the sole opinion of the Delegate: (i) such modification is of a formal, minor or technical nature; (ii) such modification is made to correct a manifest error; or (iii) such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter. No such direction or request will affect a previous consent, waiver, authorisation or determination.
- 19.3 In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number)) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.
- 19.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 18 (*Notices*).

20. **INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE**

- 20.1 The Declaration of Trust contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for their respective relief from responsibility, including provisions relieving the Delegate from taking action unless indemnified and/or secured and/or prefunded to its satisfaction as well as provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders.
- 20.2 Neither the Delegate nor the Trustee makes any representation and assumes no responsibility for the validity, sufficiency or enforceability of the Trust Assets other than as expressly provided in the Declaration of Trust.
- 20.3 Each of the Trustee and the Delegate is exempted from: (i) any liability in respect of any decline in value or loss realised upon any sale or other disposition of any of the Trust Assets or any cash; (ii) any obligation to insure the Trust Assets pursuant to the Declaration of Trust and these Conditions; and (iii) any defect or failure in the right or title over any of the Trust Assets, unless such decline in value or loss, defect or failure arises as a result of the gross negligence, willful default or fraud by the Trustee or the Delegate, as the case may be.
- 20.4 The Declaration of Trust also contains provisions pursuant to which the Delegate is entitled, *inter alia*: (i) to enter into business transactions with GoS and/or any of its subdivisions and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to GoS and/or any of its subdivisions; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders; and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.
- 20.5 Neither the Trustee nor the Delegate shall be responsible for monitoring or ascertaining whether or not a Dissolution Event, Tax Event or Total Loss Event has occurred or exists and, unless and until it shall have received express notice to the contrary, it will assume that no such event or circumstance exists or has occurred.
- 20.6 Neither the Trustee nor the Delegate has any duty to monitor the performance by the parties to the Transaction Documents of their obligations nor is it obliged (unless indemnified and/or secured and/or prefunded to its satisfaction) to take any other action, proceeding or step which may involve the Trustee or the Delegate in any personal liability or expenses.

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

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. **GOVERNING LAW AND DISPUTE RESOLUTION**

22.1 **Governing law**

The Declaration of Trust, the Certificates and these Conditions (including the remaining provisions of this Condition 22 (*Governing Law and Dispute Resolution*)) and any non-contractual obligations arising out of or in connection with the Declaration of Trust, the Certificates and these Conditions are governed by, and shall be construed in accordance with, English law.

22.2 **Agreement to arbitrate**

Subject to Condition 22.3 (*Governing Law and Dispute Resolution – Option to litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Trust, the Certificates and these Conditions (including any dispute as to the existence, validity, interpretation, performance, breach or termination of the Declaration of Trust, the Certificates and these Conditions or the consequences of the nullity of any of them or a 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 DIFC-LCIA Arbitration Centre (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 22 (*Governing Law and Dispute Resolution*). For these purposes:

- (a) the place of arbitration shall be the Dubai International Financial Centre;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

Within 15 days from the receipt by the DIFC-LCIA registrar of the response to the request for arbitration, the claimant(s), irrespective of number, shall nominate jointly one arbitrator and the respondent(s), irrespective of number, shall nominate jointly the second arbitrator. A third arbitrator, who shall serve as chairman, shall be nominated by the two party-nominated arbitrators within 15 days of the last of their appointments.

22.3 **Option to litigate**

The Delegate may irrevocably elect that a Dispute be heard by a court of law and not determined by arbitration. The Delegate must make the election before commencing arbitration or by giving written notice to the Trustee and GoS within 28 days of receipt of the document by which the Trustee and GoS commenced arbitration. If an election is made, the Dispute shall then be determined in accordance with Condition 22.4 (*Governing Law and Dispute Resolution – Effect of exercise of option to litigate*).

22.4 **Effect of exercise of option to litigate**

Subject to an election having been made under Condition 22.3 (*Governing Law and Dispute Resolution – Option to litigate*), the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and GoS submits to the exclusive jurisdiction of such courts;
- (b) each of the Trustee and GoS agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this Condition 22.4(c) (*Governing Law and Dispute Resolution – Effect of exercise of option to litigate*) is for the benefit of the Delegate only. As a result, and notwithstanding paragraph (a) above, the Delegate may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

22.5 **Process Agent**

Each of the Trustee and GoS has in the Declaration of Trust appointed Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom as its agent for service of process and has undertaken that in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

22.6 **Waiver of Immunity**

Under the Declaration of Trust, GoS has agreed that, to the extent that it may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and has

irrevocably and unconditionally waived such immunity to the full extent permitted by the laws of that jurisdiction in relation to any Proceedings or Disputes. Further, GoS has irrevocably and unconditionally consented to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes. However, notwithstanding the foregoing, GoS expressly disclaims whether Article 247 of Federal Law No. 11 of 1992 concerning Civil Procedures Law (as amended) may apply to its assets, revenues or property and the provisions of this Condition 22.6 (*Governing Law and Dispute Resolution – Waiver of Immunity*) shall be read subject to Article 247.

22.7 Waiver of Interest

Each of the Trustee, the Delegate and GoS has agreed in the Declaration of Trust that, if any arbitration or Proceedings are commenced in relation to a Dispute and/or any arbitration or Proceedings are brought by or on behalf of a party under the Declaration of Trust, it will:

- (i) not claim interest under, or in connection with, such arbitration and/or 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 as a result of such arbitration and/or by any court as a result of such Proceedings.

For the avoidance of doubt, nothing in this Condition 22.7 (*Governing Law and Dispute Resolution – Waiver of Interest*) shall be construed as a waiver of rights in respect of Rental, Periodic Distribution Amounts or profit of any kind howsoever described payable by GoS or the Trustee pursuant to the Transaction Documents or the Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

Form of the Certificates

The Certificates will be in registered form and will be issued outside the United States to persons who are not U.S. Persons in reliance on Regulation S.

The Certificates will be represented by beneficial interests in a global certificate in registered form the Global Certificate. The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depositary. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates in fully registered form.

Holders

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the "**Registered Holder**"). Each of the persons (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular aggregate face amount of such Certificates (the "**Accountholders**") (in which regard any certificate or other document issued by a clearing system as to the aggregate face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder, and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly. In addition, holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Cancellation

Cancellation of any Certificate represented by the Global Certificate will be effected by reduction in the aggregate face amount of the Certificates in the Register.

Payments

Payments of any amount in respect of the Global Certificate will, in the absence of any provision to the contrary, be made to the person shown on the Register as the registered holder of the Global Certificate at the close of the Business Day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for such payment.

None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments of the Dissolution Amount in respect of Certificates represented by the Global Certificate will be made upon presentation and surrender of the Global Certificate at the specified office of the Registrar or such other office as may be specified by the Registrar subject to and in accordance with the Conditions and the Declaration of Trust. Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of participants in the relevant clearing system in accordance with the relevant clearing system's rules and

procedures. A record of each payment made in respect of the Certificates will be entered into the Register by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

Notices

So long as all the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices may be given by delivery of the relevant notice to those clearing systems for communication to their Accountholders rather than by publication and delivery as required by the Conditions except that, so long as the Certificates are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given on the day on which such notice is delivered to the relevant clearing systems.

Whilst any of the Certificates held by a Certificateholder are represented by the Global Certificate, notices to be given by such Certificateholder may be given (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Registrar and Euroclear and Clearstream, Luxembourg may approve for this purpose.

Registration of Title

The Registrar will not register title to the Certificates in a name other than that of a nominee for the Common Depositary for a period of seven calendar days preceding the due date for any payment of any Periodic Distribution Amount or the Dissolution Amount in respect of the Certificates.

Record dates will be determined in accordance with the standard practices of Euroclear and Clearstream, Luxembourg.

Transfers

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear or Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

Exchange for Definitive Certificates

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that: (i) a Dissolution Event (as defined in Condition 15 (*Dissolution Events*)) has occurred; or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of legal holiday) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the Global Certificate shall be exchanged in full for Definitive Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the Certificateholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Definitive Certificates.

In this Prospectus, "**Definitive Certificate**" means a trust certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Declaration of Trust in exchange for the Global Certificate, such trust certificate substantially in the form set out in the Schedules to the Declaration of Trust.

USE OF PROCEEDS

The proceeds of the issue of the Certificates will be paid by the Trustee on the Closing Date to the Seller as the purchase price for the sale of the Lease Assets specified in the Sale and Purchase Agreement.

DESCRIPTION OF THE TRUSTEE

General

The Trustee was incorporated in the Cayman Islands on 30 November 2015 as an exempted limited liability company under the Companies Law (2013 Revision) (as amended) under the name Sharjah Sukuk (2) Limited and with registered number 306325. The Trustee's registered office address is Sharjah Sukuk (2) Limited, c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, its telephone number is +1 345 949 8066 and its fax number is +1 345 949 8080.

Business of the Trustee

The primary purpose of the Trustee is to issue the Certificates and enter into the transactions contemplated by the Transaction Documents. The Trustee is a newly formed Cayman Islands entity and as at the date of this Prospectus, has not commenced business and does not have any substantial assets or liabilities.

Share Capital of the Trustee

The Trustee has no subsidiaries. The Trustee has an authorised share capital of U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1 par value each, of which one share has been issued and fully paid up as at the date of this Prospectus.

The Trustee's entire issued share capital is held by GoS.

Directors of the Trustee

The directors of the Trustee and their other principal activities as at the date hereof are as follows:

<u>Name</u>	<u>Other principal activities</u>
Mohammed bin Saud Al Qasimi	Chairman of Sharjah Finance Department and member of the Sharjah Executive Council
Waleed Ebrahim Al Sayegh	Director General of Sharjah Finance Department

The business address of the directors is Al Layyeh Suburb, P.O. Box 201, Sharjah, UAE.

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Issuer.

Directors' Interests

No director listed above has any interest in the promotion of, or any property acquired or proposed to be acquired by, the Trustee and no director has any conflict of interest and/or any potential conflict of interest between any of its duties to the Trustee and its private interests and/or other duties, save for the fact that each director is an officer of Sharjah Finance Department.

As a matter of Cayman Islands law, each director 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 directorships or offices he may hold.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

The Trustee's financial year ends on 31 December.

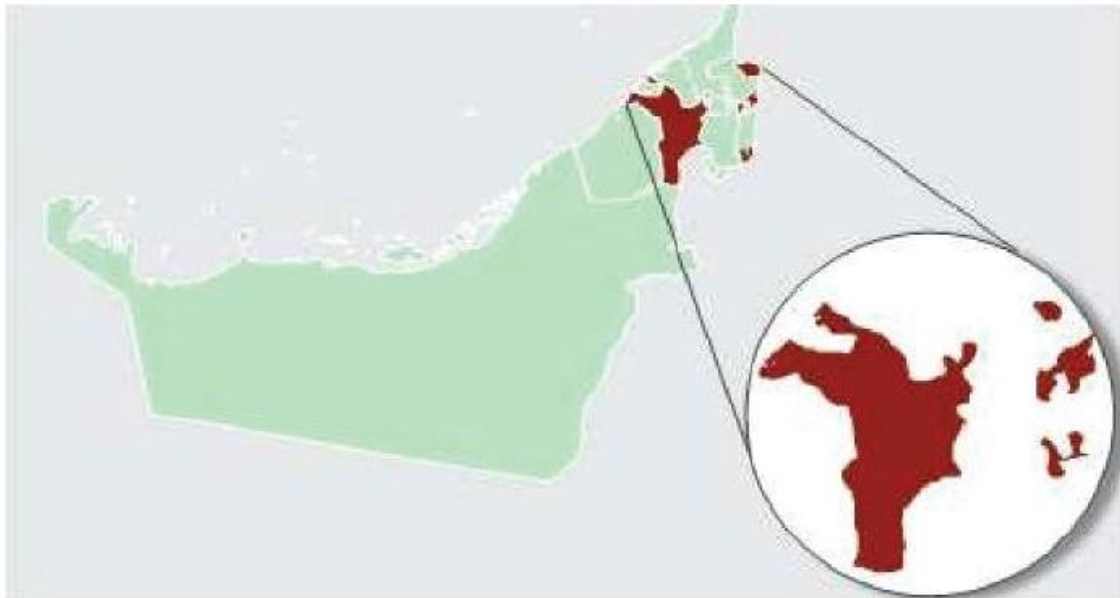
DESCRIPTION OF THE EMIRATE OF SHARJAH

Introduction

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

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

Location



Sharjah is the third largest emirate in the UAE. It is situated in the centre of the UAE, bordering the Arabian Gulf to the west and sharing land borders with all of the other six emirates. The Emirate comprises a main territory incorporating the city of Sharjah and three enclaves on the UAE's east coast (Khorfakkan, Dibba Al-Hisn and Kalba), which provide access to the Arabian Sea and the Indian Ocean through the Gulf of Oman. The island of Sir Abu Nu'ayr also forms part of Sharjah. In total, Sharjah covers an area of 2,590 square kilometres, or 3.3 per cent. of the UAE's total area (excluding islands).

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

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

History

The history of the territory of Sharjah, meaning "rising sun", dates back to around 7,000 years ago, when the milder climate and increased rainfall transformed the barren desert into fertile plains on which nomadic fishing, hunting and herding communities thrived. As early as the second century AD, a map

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

The arrival of envoys from the Prophet Muhammad (peace be upon him) in 630 AD heralded the conversion of the region to Islam. The Portuguese arrival in the Arabian Gulf in the sixteenth century adversely affected the Arab residents of Julfar (present day Ras Al Khaimah) and east coast ports, including those currently forming part of Sharjah, including Dibba Al-Hisn, Khorfakkan and Kalba.

Around 1727, the Al Qasimi clan took over Sharjah and declared the polity independent. While European powers competed for regional supremacy during the eighteenth century, a local power, the Qawasim, was gathering strength. At the beginning of the nineteenth century the Qawasim had built up a fleet of over 60 large vessels and could put nearly 20,000 sailors to sea, eventually provoking a British offensive to control the maritime trade routes between the Arabian Gulf and India.

Following the defeat of the Qawasim by the British, Sharjah and the other emirates of the current UAE each entered into a separate treaty with the British. These emirates became collectively known as the Trucial States or Sheikdoms and the area was generally known as the Trucial Coast. The Sheikdoms were each led by a Sheikh, who typically belonged to the most influential tribe in that area (being the Al Qasimi dynasty in the case of Sharjah). In Sharjah, alongside fishing and trading, pearling was a primary income-generating industry that lasted into the late 1940s. The first international airport on the Trucial Coast was established in Sharjah in 1932.

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

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

Population

The UAE National Bureau of Statistics (the "NBS") estimated the population of the UAE to be approximately 8.3 million in 2010 and 9.3 million in 2014.

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

Recent population growth in Sharjah has been lower than in some of the other emirates. As a result, the population as a percentage of the UAE's population has decreased from 20 per cent. in 2005 to 9 per cent. in 2014. The table below illustrates this growth using official census data since 1975.

	Sharjah population	Total UAE population
1975	78,790	557,887
1980	159,317	1,042,099
1985	228,317	1,379,303
1995	402,792	2,411,041
2005	793,573	4,106,247
2006	801,260*	5,012,384*
2007	808,720*	6,219,006*
2008	816,000*	8,073,626*
2009	825,990*	8,199,996*
2010	829,730*	8,264,070*
2011	836,160*	8,470,000*
2012	842,849**	8,750,000*
2013	849,592**	9,039,256*
2014	856,389**	9,338,075*

Source: Official census data for 1975, 1980, 1985, 1995 and 2005.

* Population data estimated through component methodology (source: NBS).

** Population estimated through extrapolation (source: Finance Department).

The estimated total population of Sharjah, based on extrapolated growth rates, was 856,389 in 2014 and 849,592 in 2013. Previous years were estimated according to the component methodology, using data on the number of births, deaths and migrants. According to the latest data published by the NBS, UAE nationals officially make up less than 12 per cent. of the overall population of the UAE and 18.5 per cent. of the Emirate's population. In keeping with the rest of the UAE, expatriates resident in Sharjah are mainly from the Asian subcontinent, other Arab countries, Europe and North America.

Education and training are an important strategic focus for the Emirate (see further "*The Economy of Sharjah – Infrastructure – Education*" below). Based on a census carried out in 2005 (which is the most recent development available; a census has been carried out for 2015 but the results are not available as at the date of this Prospectus) the literacy level for the economically active population in Sharjah was 92 per cent., approximately 39.0 per cent. of the economically active population had university or equivalent level degrees and a further 11.0 per cent. had completed secondary education. Within the local population, a 2013 survey showed a literacy rate of 99 per cent., with 47 per cent. of citizens holding post-high school qualifications. The Government of Sharjah believes that one of its key future challenges will be the creation of jobs for the local population and has undertaken initiatives with the Federal Government to educate and motivate young UAE nationals to join the workforce, including the private sector (see "*The Economy of Sharjah – Infrastructure – Education*").

Relationship between the UAE Constitution and Sharjah

The UAE Constitution

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

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

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

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

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

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

Federal Supreme Council

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

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

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

Federal Council of Ministers

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

Federal National Council

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

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

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

Legal and Court System

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

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

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

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

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

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

International Relations

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

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

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

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

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

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

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

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

The UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in Yemen which began earlier this year. The intervention was in response to requests for assistance from the internationally recognized but domestically contested Yemeni government of President Abd Rabbuh Mansur Hadi. The request was due to a Houthi tribal offensive aimed at its provisional capital of Aden.

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

In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar over a maritime corridor which the State of Qatar has purported to grant to the Kingdom of Saudi Arabia, from within the State of Qatar's own maritime waters. The proposed maritime corridor crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited between the State of Qatar and the UAE.

According to the NBS, the UAE's GDP for 2014 is AED 1,467.0 billion.

On 11 March 2015, Moody's Investors Service Singapore Pte. Ltd. reaffirmed the UAE's long-term credit rating of Aa2 with a stable outlook. The principal reason for this rating is the assumption that the obligations of the Federal Government will be fully supported by Abu Dhabi. The UAE is not rated by other rating agencies.

The Government of Sharjah

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

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

The ruler's office provides support and advice to H.H. The Ruler in all his functions as the ceremonial and functional head of the Government. H.H. The Ruler delegates certain day to day aspects of the management of Sharjah's government and its dependencies to the SEC. As Chairman of the SEC, the Crown Prince oversees the implementation of all strategies and plans of governmental bodies and departments, which produce periodic performance reports that are presented to the SEC. In an effort to increase public participation in politics, the Sharjah Consultative Council (the "**SCC**") was established in 1999 by Emiri Decree No. 3. Like the UAE's Federal National Council, the Council works closely with the SEC in reviewing legislation and the accountability of Government agencies on issues of policy. As at the date of this Prospectus, all of the 42 members of the SCC have been appointed by H.H. The Ruler but, on 30-31 January 2016, elections will be held that will see half of those members elected for the first time by citizens who have registered to vote.

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

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

The key centralised Government of Sharjah departments include:

- Directorate of Public Works;
- Department of Culture and Information;
- Finance Department;
- Real Estate Registration Department;
- Economic Development Department;
- Sharjah Petroleum Council;
- Sharjah Police; and
- Town Planning Department.

Other key bodies in Sharjah include decentralised departments, which carry out a combination of public service activities as well as purely commercial activities, and which consist of: (i) the Department of Customs; (ii) the Department of Seaports; (iii) the Department of Civil Aviation; and (iv) Sharjah Airport Authority.

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

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

The UAE has one of the largest economies in the MENA region, with a GDP of AED 1.47 trillion in 2014. The Government of Sharjah has adopted a strategy for its economy which is intended to complement the economic growth in other emirates such as Abu Dhabi and Dubai. Alongside economic development, there is a very strong focus on social development, with particular emphasis on the preservation and celebration of Islamic heritage and culture, and on education. The Government of Sharjah has created one of the most prestigious higher education campuses in University City, which is still expanding with a new Islamic university, Al Qasimia University, having been officially opened in April 2015. The Emirate's tourism offering centres on its cultural offering, with religious and archaeological sites as well as over 30 museums, which has culminated in the recognition of Sharjah as the Capital of Islamic Culture for 2014 by the Islamic Organization for Education, Science and Culture (ISESCO), and as the Capital of Arab Tourism for 2015 by the Arab Council of Tourism Ministers. The Government of Sharjah has sought to ensure the provision of high-quality healthcare, environmental improvement and employment opportunities for Sharjah citizens, with the Human Resources Department (a centralised department of the Government of Sharjah) having placed over 12,000 citizens into employment since 2005.

As for economic development, the Government of Sharjah seeks to achieve this by creating a favourable business environment, attracting inward investment, expanding infrastructure to foster future growth and leveraging cultural heritage to economic advantage. The Government of Sharjah has chosen largely to take the role of a supervisor and facilitator of business and investments in the Emirate, as opposed to participating as a direct actor or investor. The Government of Sharjah created an Economic Department in 1981, subsequently merged in 1999 with the Industrial Development Department to create the Sharjah Economic Development Department (the "**SEDD**") to create a legal and regulatory environment

conducive to business success and aimed at attracting foreign and domestic investment. SEDD's role includes working with the private sector to review areas such as improving efficiency in the public sector, expanding the scope of private ownership, increasing the pace of economic growth and easing the shift towards an open market economy. SEDD's strategy focuses on providing modern, streamlined services and regulation to businesses, with a particular focus on e-government, efficient licensing and fair and proportionate regulation and inspection.

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

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

The Government's Economic Strategy

Promoting Long-Term Sustainability

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

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

- relatively low reliance on volatile sectors (real estate, hydrocarbons) for economic activity and Government revenues;
- well established concentrations of economic activity in more stable sectors;
- low commercial exposure to volatile sectors through government-related entities ("**GRES**") and investments;
- diverse sources of revenue and ability to reduce expenditure (if necessary);
- very low Government and GRE debt levels; and
- well capitalised banking sector displaying strong mutual support from and to the Government.

Focus Areas for Development

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

Real Estate and Urban Planning

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

- relocating inner city industrial areas to create new commercial zones such as Al Sajaa Industrial Oasis, Emirates Industrial City and Al Hanoo;
- expanding the Hamriyah Free Zone and transport links to highway E311;
- developing new residential districts such as Al Zahia and Tilal City; and
- continuously assessing and pursuing future real estate development opportunities in and around the "Dubai corridor" (such as Mamzar Island and Mariam Island) in order to grow tourism in the Emirate.

See further *"The Economy of Sharjah – Principal Sectors of the Economy – Real Estate and business services"* below.

Logistics and Infrastructure

Infrastructure development is considered to be a key component for the Emirate's future expansion, economic growth and social connectivity. The Emirate is well connected to the other emirates, has good telecommunication facilities, and a well-established road network with large highways linking it to Abu Dhabi, Dubai and the northern emirates and a number of ports. The Emirate is also the location of the UAE's third largest airport, Sharjah International Airport ("**SIA**"), and is adjacent to the Dubai International Airport, the world's busiest airport in 2014 in terms of international passenger traffic (according to the Airport Council International).

Several key infrastructure developments are under way, including the expansion of SIA and road and rail links (see *"The Economy of Sharjah – Infrastructure"*).

Tourism

One of the key components of the Government of Sharjah's economic strategy is to solidify the Emirate's position as an ideal family tourism destination and cultural hub in the GCC region. The Government of Sharjah aims to attract 10 million visitors annually to the Emirate by 2021. In recognition of the Government's achievements to date, the Emirate was named the "2015 Capital of Arab Tourism" by the Arab Council of Tourism Ministers.

As part of this initiative, the Emirate hosts annual events including the Sharjah International Book Fair, Sharjah Light Festival, Sharjah Water Festival and Sharjah Heritage Days. Moreover, Shurooq undertakes joint venture developments with private sector partners to promote the growth of tourism and tourism related commercial activity in the Emirate through the development of world class tourism facilities and investment in, among other things, tourism related projects. For a summary of recent projects, see the *"The Economy of Sharjah – Principal Sectors of the Economy – Restaurants and Hotels"* below.

Education

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

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

Energy and Environment

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

Sustainability is the key priority of the vision of the recently appointed SEWA Chairman, which has been demonstrated most recently with the implementation of:

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

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

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

Health

The Government recognises that maintaining the health of its populace is core to its ambitions of achieving and maintaining sustainable economic development. To this end, the Government has taken steps in recent years to encourage the development of healthcare services in the Emirate, including the establishment of the Sharjah Healthcare City free zone (designed to capitalise on regional demand for high-quality health services and to attract investment from healthcare providers from the UAE and from overseas).

In recognition of the Government's efforts and achievements in developing healthcare services in the Emirate, in September 2015, Sharjah City was designated as the Middle East's first Healthy City by the World Health Organisation (the "**WHO**"). According to the WHO, a Healthy City is one that "continually creates and improves its physical and social environments and expands the community resources that enable people to mutually support each other in performing all the functions of life and developing to their maximum potential". The Emirate joined the Healthy City programme in 2012, when it met 50 per cent. of the accreditation criteria. It has now met 88 per cent. of the accreditation criteria (surpassing the 80 per cent. qualification threshold set by the WHO).

Ratings

On 9 May 2015, Standard & Poor's Credit Market Services Europe Ltd. reaffirmed "A" long-term and "A-1" short-term foreign and local currency sovereign credit ratings on the Emirate (stable outlook). The principal reason for this rating is the continued solid growth in Sharjah's GDP per capita, the low government debt burden and the advantages of membership in the UAE, which include low external risks for Sharjah. Sharjah's ratings are constrained by its underdeveloped political institutions and highly centralised policy-making.

On 26 March 2015, Moody's Investors Services Ltd reaffirmed an "A3" long-term foreign and local currency issuer default rating (stable outlook) on the Emirate. The principal reason for this rating is Sharjah's strong fiscal position and low government debt burden, as well as the emirate's well-diversified economy. Sharjah's ratings are constrained by the Government of Sharjah's narrow revenue base and limited hydrocarbon reserves.

For detail on the UAE's long-term credit rating, see "*– International Relations*" above.

Business Address

The address of the Finance Department of Sharjah is Al Layyeh Suburb, P.O. Box 201 Sharjah, United Arab Emirates, and its telephone number is: +971 6 5288880.

THE ECONOMY OF SHARJAH

Introduction

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

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

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

Gross Domestic Product

Despite its proximity to Dubai, Sharjah's GDP was relatively resilient to the 2008 global financial crisis, with nominal GDP falling in 2009 and subsequently returning to growth in 2010. Sharjah's relative resilience was the result of the diversified nature of the Emirate's economy, low public sector debt and relatively low dependence on and government exposure to more volatile sectors, such as hydrocarbons and real estate. In 2014, according to data published by the NBS, the Emirate's GDP increased (in nominal terms) to AED 82.8 billion as compared with AED 79.3 billion and AED 73.2 billion in 2013 and 2012, respectively, representing an 4.4 per cent. increase from 2013 in nominal terms. The real estate and business services sector is the largest sector of the Sharjah economy, accounting for 21.1 per cent. of its GDP in 2014, followed by the manufacturing sector, which accounted for 15.9 per cent. of its GDP in 2014.

Data published by the NBS states that nominal GDP in the UAE for 2014 was AED 1,467.0 billion, up from AED 1,422.0 billion in 2013 and AED 1,371.4 billion in 2012. Sharjah's GDP, as a percentage of the UAE's total GDP, accounted for 5.6 per cent. in 2014, 5.6 per cent. in 2013 and 5.3 per cent. in 2012.

Sharjah's GDP per capita is estimated at AED 96,685 for 2014, increasing from AED 93,324 in 2013 and AED 86,867 in 2012. Sharjah has seen a compound annual growth rate of 5.18 per cent. in GDP in nominal terms over the last four years (2010-2014).

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

	2010	2011	2012	2013	2014
UAE GDP (AED billion)	1,050.5	1,280.0	1,371.4	1,422.0	1,467.0
Sharjah GDP (AED billion)	64.8	69.7	73.2	79.3	82.8
Sharjah per capita GDP (AED)	78,113	83,394	86,867	93,324	96,685

Source: NBS.

Alongside GDP growth, there has been steady growth in the number of licensed companies operating in Sharjah, reflecting both the expansion of the economy and the continuing important role that SMEs play

in it. The table below shows licences issued by the Sharjah Economic Development Department ("SEDD") for companies operating outside free zones.

	2010	2011	2012	2013	2014
Number of Licences	52,913	55,164	58,598	61,793	65,563

Source: SEDD.

Principal Sectors of the Economy

Sharjah's economy is well-diversified without any single sector contributing more than 20 per cent. of GDP in 2014. Recent economic growth has been broad-based across multiple sectors.

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

	2010	2010	2011	2011	2012	2012	2013	2013	2014	2014
	%	(AED millions)	%	(AED millions)	%	(AED millions)	%	(AED millions)	%	(AED millions)
Real Estate and Business										
Services.....	20.4	13,198	19.4	13,539	19.0	13,875	20.0	15,888	21.1	17,444
Manufacturing.....	16.6	10,758	16.5	11,518	16.7	12,234	16.1	12,759	15.9	13,160
Mining, Quarrying and										
Energy	10.3	6,684	13.2	9,205	14.1	10,327	13.3	10,570	11.6	9,603
Wholesale and Retail										
Trade.....	13.1	8,469	12.4	8,643	12.1	8,856	11.8	9,341	11.7	9,724
Financial Corporations.....	8.1	5,218	7.9	5,511	7.9	5,810	8.7	6,866	9.4	7,810
Construction.....	8.3	5,361	8.0	5,547	8.0	5,881	8.1	6,425	8.3	6,914
Transport, Storage and										
Communication.....	6.4	4,168	6.2	4,315	6.1	4,462	5.9	4,670	5.8	4,845
Government Services.....	4.4	2,827	4.2	2,945	4.1	3,015	4.0	3,153	4.0	3,321
Social and Personal										
Services.....	3.3	2,157	3.3	2,325	3.4	2,516	3.6	2,880	3.7	3,097
Restaurants and Hotels.....	3.4	2,174	3.2	2,257	3.2	2,334	3.1	2,493	3.1	2,580
Electricity, Gas and										
Water	2.9	1,872	2.8	1,970	2.7	1,985	2.7	2,155	2.7	2,229
Agriculture.....	1.7	1,077	1.6	1,096	1.5	1,066	1.5	1,220	1.5	1,222
Others	1.3	847	1.2	855	1.2	857	1.1	865	1.1	877
Total	100.0	64,813	100.0	69,731	100.0	73,216	100.0	79,287	100.0	82,825

Source: NBS

Real Estate and Business Services

The real estate and business services sectors contributed 21.1 per cent. of Sharjah's nominal GDP in 2014, 20.0 per cent. in 2013 and 19.0 per cent. in 2012. Recent initiatives in the sector include the construction of the Al Nujoom Islands by Al Hanoo Investment LLC, scheduled for completion in 2016 and constituting 5.6 million square metres of residential developments around a new creek with 10 islands (listed in the top 100 of Middle East projects by the Middle East Economic Digest) and the construction of Al Zahia, constituting a 1.3 million square metres mixed-use development in a public-private partnership (between the Government of Sharjah and Majid Al Futtaim Properties LLC, known as Sharjah Holding), and which is located near Sharjah International Airport ("SIA") and the University City of Sharjah. The first phase of the construction of Al Zahia was completed in 2014.

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

Restrictions on foreign ownership and limited price growth in recent years contributed to the 2008 global financial crisis having a reduced impact on Sharjah's economy and public finances. With most property owned by end-users or active landlords, the Emirate did not experience the rapid withdrawal of foreign capital that was seen elsewhere in the region. On 16 November 2014, H.H. The Ruler issued Executive Council Resolution No. 26 of 2014 ("**Resolution No. 26**"), which allows foreign nationals and companies owned by foreign nationals to own usufruct rights over vacant plots of land for a period of 100 years in

Sharjah, and to register such usufruct rights with the Sharjah Real Estate Department. Resolution No. 26 was issued to promote investment in Sharjah, by opening Sharjah's real estate market to foreigners through long-term leasehold arrangements. The Government of Sharjah intends to utilise the new arrangements for foreign ownership on a limited number of plots in new developments.

According to the Real Estate Registration Department (a centralised department of the Government of Sharjah), the value of sales transactions in the real estate sector amounted to AED 25.4 billion in 2014, up from AED 17.6 billion in 2013 and AED 10.2 billion in 2012. Most of these transactions have been conducted by GCC nationals.

The business services sub-sector of the real estate and business services sector of the economy of Sharjah constitutes business to business services.

Manufacturing

The manufacturing sector is the second largest measured sector of the economy of Sharjah and contributed 15.9 per cent. to Sharjah's nominal GDP in 2014, 16.1 per cent. in 2013 and 16.7 per cent. in 2012.

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

The Government of Sharjah continues to release land for industrial development to facilitate economic expansion. Al Sajaa Industrial Oasis, situated close to two major highways, is currently the site of significant industrial activity, including in the oil and gas and cement sub-sectors, and the Government of Sharjah (through Sharjah Asset Management LLC) has recently completed the first phase of a project to sell and lease parcels of land covering an area of 1.31 million square metres in the Al Sajaa Industrial Oasis.

While the manufacturing sector is diverse and competitive, more significant sub-sectors include the cement, glass, petrochemicals, paint, dried food and household goods sub-sectors.

Sharjah Cement and Industrial Development Company ("**SCIDC**") was established in 1976 and is one of Sharjah's important local manufacturers in the cement and building materials industry. As at the date of this Prospectus, the Government of Sharjah held 16.3 per cent. of the shares in SCIDC, which is a private sector company listed on the Abu Dhabi Stock Exchange ("**ADX**"). During the year ended 31 December 2014, SCIDC generated revenues of AED 675.3 million.

Mining, Quarrying and Energy

The mining, quarrying and energy sector contributed 12.0 per cent. to Sharjah's nominal GDP in 2014, 13.3 per cent. in 2013 and 14.1 per cent. in 2012.

The sector is primarily driven by the production and supply of energy for Sharjah's residents and businesses. Although it produces gas and liquid petroleum gas, the Emirate is a net importer of energy and fuel. High oil and gas prices in recent years, combined with rising demand, had bolstered the sector's contribution to the Emirate's GDP. Although world oil prices recovered from the lows of around U.S.\$40 per barrel witnessed in February 2009, with prices generally averaging between U.S.\$90 and U.S.\$110 for most of 2011 to 2014, oil prices have decreased sharply again since late 2014, to U.S.\$31.27 as at 31 December 2015 (being the OPEC basket reference price as at that date).

Although Sharjah is the third largest hydrocarbon producer in the UAE, after Abu Dhabi and Dubai, this sector is just one of several significant contributors to the Emirate's economy. Total hydrocarbon production in Sharjah amounted to 7.5 million barrels of oil equivalent in 2013 and 8.2 million barrels of oil equivalent in 2012. In 2014, total hydrocarbon production in Sharjah was 7.1 million barrels of oil

equivalent, comprising 32 billion cubic feet of natural gas, 89.1 kilotonnes of liquefied petroleum gas and 2.1 million barrels of condensates. In 2015, total hydrocarbon production in Sharjah is expected to be 7.1 million barrels of oil equivalent.

All hydrocarbon production in Sharjah is overseen by the Sharjah Petroleum Council, a centralised department of the Government of Sharjah. The Sharjah National Oil Corporation, which is a separate legal entity wholly owned by the Government of Sharjah, has taken over operations on all active production facilities in Sharjah, with revenues from such facilities flowing directly to the Government of Sharjah. Previously, a portion of hydrocarbon production was undertaken by private companies under concession, with revenue raised indirectly by the Government of Sharjah through royalties, fees and charges.

The Government of Sharjah has granted a new exploration and production concession to Crescent Petroleum and Rosneft to develop two onshore oil wells in Sharjah. The Crescent Group was established in Sharjah in 1971 and is the MENA region's oldest privately-owned oil and gas company. The Crescent Group currently operates a portfolio of more than 25 diversified companies through its two main subsidiaries, Crescent Petroleum and Crescent Enterprises. Crescent Petroleum acts as a technical operator in several countries including Egypt, Pakistan, Yemen, Canada, Montenegro, Tunisia and Argentina.

As direct hydrocarbon production has reduced in recent years, the Government of Sharjah has sought to diversify the sector to ensure its continuing relevance. For example, in 2011, the Government of Sharjah approved an investment project for Petrofac International Limited to install 12 gas compressors in the Sajaa, Moveyeid and Kahaif field areas to accelerate and achieve incremental gas production from the asset reservoirs in Sharjah. Petrofac International Limited has a major operations centre in Sharjah and has had a presence in the Emirate since 1991. Petrofac International Limited employs approximately 3,000 staff in a range of functions supporting the hydrocarbon and petrochemical industries.

Wholesale and retail trade

The wholesale and retail trade sector contributed approximately 11.7 per cent. of Sharjah's nominal GDP in 2014, 11.8 per cent. in 2013 and 12.1 per cent. in 2012.

The sector is primarily driven by the growth in Sharjah's economy and population as well as an increase in the number of new malls and the number of expatriates choosing to reside in Sharjah. Sharjah is also selected as a base for several wholesalers due to its attractive tax environment and connections to the MENA region.

Most activity in this sector is firmly led by the private sector. Sharjah Holding, a joint venture between the Government of Sharjah and Majid Al Futtaim Properties LLC, is currently developing neighbourhood malls to service residential districts within Sharjah. Majid Al Futtaim Properties LLC, is also developing a new "Mall of Sharjah" complex covering an area of 13,500 square metres, at a cost of approximately AED 200 million. The "Mall of Sharjah" complex is scheduled to complete in 2018.

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

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

Financial Corporations

The financial corporations sector contributed 9.4 per cent. of Sharjah's nominal GDP in 2014, 8.7 per cent. in 2013 and 7.9 per cent. in 2012.

There are four banks incorporated in Sharjah: Bank of Sharjah ("**BoS**"), Investbank, Sharjah Islamic Bank ("**SIB**") and United Arab Bank (which have two, 6, 21 and 7 branches, respectively, in the Emirate), as well as 15 branches of foreign banks and 93 branches of non-Sharjah based national banks (or a total of 129 branches of national banks). As at the date of this Prospectus, the Government of Sharjah held 16.26 per cent. of the share capital of BoS and 31.30 per cent. of the share capital of SIB. Both BoS and SIB are listed on the ADX (for further detail on the capitalisation of BoS and SIB, see "*Monetary and Financial System – Banking and Financial Services*"). All holdings and investments of the Government of Sharjah are maintained and executed through Sharjah Asset Management LLC, a wholly-owned subsidiary of the Finance Department.

Construction

The construction sector contributed 8.3 per cent. of Sharjah's nominal GDP in 2014, 8.1 per cent. in 2013 and 8.0 per cent. in 2012.

The construction sector is largely driven by activity in the private real estate market and by public projects to construct infrastructure and government buildings. The construction sector saw a 9 per cent. contraction in nominal terms as the 2008 global financial crisis affected the property market and the Government of Sharjah scaled back capital spending to control overall borrowing levels. The construction sector has recently recovered as real estate demand and public sector expansion have increased.

Transport, storage and communication

The transport, storage and communication sector contributed 5.8 per cent. of Sharjah's nominal GDP in 2014, 5.9 per cent. in 2013, and 6.1 per cent. in 2012. The sector is primarily driven by the Emirate's geographic location (bordering all six emirates and the UAE's west and east coasts), and by the development of air and sea ports.

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

Government Services

The government services sector contributed 4.0 per cent. of Sharjah's nominal GDP in 2014, 4.0 per cent. in 2013 and 4.1 per cent. in 2012. Some government services (including basic healthcare and education for UAE nationals as well as business licensing and policing) are provided by the Federal Government, with the remainder provided by the Government of Sharjah (see "*Public Finance – Relationship with the Federal Government*").

Social and Personal Services

The social and personal services sectors contributed 3.7 per cent. of Sharjah's nominal GDP in 2014, 3.6 per cent. in 2013 and 3.4 per cent. in 2012. The sector is primarily driven by activities of the Government of Sharjah, whether through the direct facilitation of social services or through the enablement of private sector delivery. The Government of Sharjah has established the new free zone of Sharjah Healthcare City to capitalise on regional demand for high-quality health services. The free zone authority will provide basic infrastructure and a light-touch regulatory environment with the intention of attracting a wide range of healthcare providers from the UAE and from overseas. Sharjah Healthcare City is expected to expand the healthcare cluster, which has, over the past five years, begun to develop around the adjacent site of University City, with the development of a teaching hospital, nursing college and dental college.

Restaurants and Hotels

The restaurants and hotels sector contributed 3.1 per cent. of Sharjah's nominal GDP in 2014, 3.1 per cent. in 2013 and 3.2 per cent. in 2012.

Sharjah's restaurants and hotels currently cater to mid-range customers and are priced lower than restaurants and hotels in some nearby geographies. The sector has been identified by the Government of

Sharjah as having particular growth potential, with a focus on complementing the existing offering with a larger number of high-end options.

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

	2010	2011	2012	2013	2014
Rooms	8,587	9,123	8,872	9,178	9,306
Guests (in thousands)	1,600	1,600	1,700	2,000	2,000

Source: Commerce and Tourism Development Authority.

As at 31 December 2014, there were 51 hotels and 54 hotel-apartment complexes in the Emirate, and the occupancy rate for hotels was 61.6 per cent. in 2014. It is expected that 8 new hotels with approximately 1,400 rooms, 2 new hotels with approximately 300 rooms and 11 new hotels with approximately 1,800 rooms will be opened during the course of 2016, 2017 and 2018, respectively. In respect of hotel apartments, it is expected that 5 new hotels with approximately 800 flats, 6 new hotels with approximately 700 flats and 12 new hotels with approximately 1,900 flats are expected to be opened during the course of 2016, 2017 and 2018, respectively.

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

Other long-standing cultural events include the Sharjah International Biennial, an art exhibition hosted by the Department of Culture and Information since 1993, and the Sharjah International Book Fair, the world's fourth largest book fair, hosted in the Sharjah Expo Centre since 1982.

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

Electricity, Gas and Water

The electricity, gas and water sector, which focuses on distribution to the public, contributed 2.7 per cent. of Sharjah's nominal GDP in 2014, 2.7 per cent. in 2013 and 2.7 per cent. in 2012. As with the mining, quarrying and energy sector, the primary driver of activity in the electricity, gas and water sector is demand for utility services from residential, commercial and industrial areas in Sharjah. For further details, see "*Infrastructure – Utilities*" below.

Agriculture

The agricultural sector contributed 1.5 per cent. of Sharjah's nominal GDP in 2014, 1.5 per cent. in 2013 and 1.5 per cent. in 2012. The sector includes small-scale arable production in areas irrigated from natural oases and aquifers in the north and east of the Emirate, with crops such as vegetables, dates and turf. Dairy and poultry production also form part of the agricultural sector.

Inflation

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

	Weight	2010	2011	2012	2013	2014
General Consumer Price Index	100	112.74	114.61	118.68	120.14	122.10
Food and beverages.....	14.4	124.92	134.38	151.30	152.70	154.76
Beverages and tobacco.....	0.1	122.16	125.23	133.14	152.41	157.76
Textiles, clothing and footwear.....	6.7	113.02	114.47	118.81	120.93	124.38
Housing	40.5	107.18	103.76	104.54	104.96	105.51
Furniture and household goods	3.6	131.36	142.84	147.78	148.88	157.42
Medical care.....	1.4	108.72	109.23	112.85	113.03	113.10
Transportation	9.3	108.59	113.08	114.12	115.70	116.96
Communications	7.6	108.87	111.36	111.64	111.83	112.36
Recreation and culture	1.9	124.79	127.53	130.39	134.04	136.07
Education	6.7	112.18	118.15	124.73	132.51	139.16
Restaurant and hotels	3.2	112.21	116.20	118.96	119.28	120.82
Miscellaneous goods and services....	4.6	120.26	124.17	126.05	128.59	132.83

Source: Sharjah Statistical Yearbook 2012 and NBS.

Notes: Base year 2007=100.

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

	2010	2011	2012	2013	2014
Sharjah CPI.....	112.7	114.6	118.7	120.1	122.1
Sharjah CPI (percentage change, year on year)	(0.8)	1.7	3.6	1.2	1.6
UAE CPI.....	115.0	116.0	116.8	118.1	120.8
UAE CPI (percentage change, year on year)	0.9	0.9	0.7	1.1	2.3

Source: NBS.

Note: Base year 2007 =100.

Employment and Wages

Comprehensive and up-to-date employment data is currently unavailable for the complete Sharjah labour force. In general, expatriates are required to be employed or sponsored by an employed family member in order to remain in the UAE. As a result, expatriates are not entitled to unemployment benefits or to social services and the Government of Sharjah's focus is on employment for UAE nationals.

The table below shows employment by age group of Sharjah-based nationals based on the results of a 2013 survey conducted by the Sharjah Statistics Centre.

	Working	Working while studying	Not Working	Total
15-19	40%	17%	42%	1,587
20-24	58%	10%	33%	9,003
25-29	73%	7%	20%	12,557
30-34	81%	5%	14%	11,272
35-39	86%	3%	11%	7,360
40-44	89%	2%	9%	4,520
45-49	91%	1%	8%	2,563
50-54	89%	1%	10%	1,316
55-59	89%	0%	11%	689
60-64	81%	0%	19%	336
65-69	74%	0%	26%	174
70-74	55%	1%	44%	103
75+	35%	0%	65%	128
Total	76%	6%	19%	51,608

Source: Sharjah Statistics Centre.

The 2013 survey indicated that 81 per cent. of respondents aged 15 and over were working (including respondents who were working while studying). Of respondents aged between 30 and 59, the survey indicated that 88 per cent. were working. Higher numbers of the younger age groups were not working due to their engagement in education.

According to the 2013 survey, 89 per cent. of working Sharjah nationals were employed in the public sector and 11 per cent. of Sharjah nationals were employed in the private sector. Increasing private sector employment opportunities for UAE nationals is a major policy priority for both the Federal Government and the Government of Sharjah (see "*Infrastructure – Education*").

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

Infrastructure

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

Several key infrastructure developments are under way, including the expansion of SIA and road and rail links.

Roads and Railways

An extensive network of roads has been developed in Sharjah over the last two decades. In 2014, the Sharjah Roads and Transport Authority (the "**RTA**") was established to combine public transport provision and transport infrastructure planning within the Emirate. The RTA is developing a strategic transport plan for the Emirate. Steps already taken include expanding the RTA's own taxi fleet from 720 taxis in 2012 to 1,540 in 2015 (out of a total of 5,300 taxis operating in Sharjah), and more than doubling the number of intercity buses to 69 over the same period.

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

The Government of Sharjah is currently investing in a new road, which links Khorfakkan Port on the east coast with Sharjah City, and includes the UAE's longest rock tunnel through the Hajar mountains. The cost of the project, which is funded by the Government of Sharjah, is approximately AED 400 million.

Within Sharjah City, the Government of Sharjah is currently extending the arterial King Abdul Aziz Street to the area in which the new Jubail market is located and is enhancing the Al Arouba Road through the reconstruction of two key bridges and by widening the road. The combined cost of the project is approximately AED 1 billion.

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

In addition, the Federal Government is developing a UAE rail network, which will complement existing infrastructure and is scheduled to connect to Sharjah in 2018. The rail network is intended to become a part of a wider GCC plan that links the six member states of the GCC.

Ports

Sharjah has three deep-water ports, which provide access to the Indian Ocean and the Arabian Gulf and have a combined capacity of 2.4 million containers: (i) Khorfakkan Port; (ii) Hamriyah Port; and (iii) Port Khalid.

Khorfakkan Port was established in 1977 and underwent a major expansion in 2010 to handle the growing demand for bulk shipments. The port has six berths with a total aggregate length of 2.0 kilometres and is dredged to 16.0 metres at mean low water. Khorfakkan Port is the only container port on the UAE's east coast, providing direct access to the Indian Ocean without passing through the Strait of Hormuz, and discharges all types of cargo. Khorfakkan Port has an open yard storage facility capacity of 450,000 square metres out of a total area of 700,000 square metres.

Hamriyah Port, established in 1986, is located adjacent to HFZ, providing marine access for the free zone's industrial operators. The port, which specialises in the provision of bulk, general and project cargo services, is close to major international shipping lanes. It has 6 deep-water berths, is dredged to 13 metres and has specialised berths for handling petrochemical shipments. Other services include open yard and warehouse storage facilities.

Port Khalid in Sharjah City was established in 1976 and has 3 deep-water berths ranging from 220 metres to 1,000 metres in length and is dredged to 12.5 metres. Port Khalid specialises in the provision of bulk, general and project services and provides open yard and warehouse storage facilities.

Sharjah International Airport and Air Arabia

SIA is the third largest airport in the UAE and is differentiated from other airports in the region by its high level of freight services and its close partnership with Air Arabia. SIA occupies an area of approximately 5,000 acres located to the east of Sharjah City, connected to the city and to other emirates by major highways.

Sharjah International Airport Key Figures

	2010	2011	2012	2013	2014
Passengers (millions)	6.31	6.63	7.52	8.5	9.5
Aircraft Movement.....	65,401	63,737	65,975	66,247	70,559
Cargo (tonnes).....	514,881	493,116	419,076	295,402	240,000

SIA hosted flights from 32 airlines in the year ended 31 December 2013 and 32 airlines in the year ended 31 December 2014 (including passenger and cargo airlines), serving over 100 destinations in both years (*source*: Sharjah Airport Authority).

Sharjah has developed a niche in the sea-to-air traffic sector through the Sharjah Airport International Free Zone ("**SAIF - Zone**") where sea-to-air transfers can be made within six to eight hours.

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

A second phase of the expansion of SIA is being planned by Sharjah Airport Authority, with the objective of increasing capacity through the construction of a second terminal in addition to the new runway. In 2014, passenger movements were 9.5 million departures compared to 8.5 million departures in 2013. The planned expansion, while still under review, is expected to increase the airport's capacity to 15 million passengers per annum.

The airport expansion will also involve the construction of 10 new warehouses. The Government of Sharjah also plans to develop new access roads, parking facilities and commercial outlets. The Government of Sharjah's planned investment in SIA is expected to commence in 2016 and is to be implemented gradually over a period of several years.

The aviation sector is fiercely competitive in the GCC. In 2013 and 2014, SIA experienced reduction in cargo traffic following the opening of Al Maktoum airport in Dubai. However, Sharjah Airport Authority believes that there is an underlying trend of growth in demand and continues to plan for expansion.

Air Arabia was incorporated in 2003 as the first low-cost airline in the Middle East. Its primary hub is SIA and it serves over 90 destinations in the MENA region, Asia and Europe. Air Arabia has contributed to an increase in tourism numbers in Sharjah and the wider UAE and carried 6.8 million passengers in 2014 compared to 6.1 million passengers in 2013. Air Arabia is listed on the Dubai Financial Market.

Telecommunications

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

In mid-2004, the Federal Government announced plans to end the monopoly of Etisalat. A regulator, the Telecommunications Regulatory Authority ("**TRA**"), was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company, a new telecom provider (known in the market as "du") owned 40 per cent. by the Federal Government, 20 per cent. by Mubadala Development Company PJSC, 20 per cent. by Emirates Telecommunications and Technology Ltd. and 20 per cent. by the public.

According to the TRA, as at 30 September 2011, there were approximately 1.8 million fixed lines in operation in the UAE, with 11.3 million mobile subscribers and approximately 1.3 million internet subscribers (comprising 842,258 broadband subscribers and 490,579 dial-up subscribers). As at 31 July 2015, there were 2,147,052 fixed lines in operation in the UAE, with 17,106,728 mobile subscribers and 1,152,841 internet subscribers (comprising 1,151,656 broadband subscribers and 1,185 dial-up subscribers). In 2011, the fixed line penetration rate (being the number of lines expressed as a percentage of the estimated population) was 31.0 per cent., the mobile penetration rate (being the number of mobile subscribers expressed as a percentage of estimated population) was 199.3 per cent. and the internet penetration rate (being the number of subscribers expressed as a percentage of the estimated population) was 14.8 per cent. The fixed line penetration rate increased to 24.0 per cent. in 2012, 25.0 per cent. in 2013 and 25.2 in 2014 and the mobile penetration rate decreased to 167.8 per cent. in 2012 and subsequently increased to 192.9 per cent. in 2013 and to 201.2 per cent. in 2014, while the internet penetration rate decreased to 11.6 per cent. in 2012 but increased to 12.5 per cent. in 2013 and to 13.5 per cent. in 2014 (*source*: TRA).

The UAE's well-developed, technologically-advanced telecommunications infrastructure and high mobile telephone penetration contribute to the growth of the economy of Sharjah. In 2013, there were 239,620 fixed lines in Sharjah, 2,367,026 mobile subscribers and 40,007 internet connections (*source*: TRA).

Utilities

The Sharjah Electricity and Water Authority ("**SEWA**") is 100 per cent. owned by the Government of Sharjah and is responsible for providing power, water and natural gas in the Emirate.

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

Electricity is generated by gas and diesel fired power stations located within the Emirate. As at 31 December 2014, SEWA power stations had an installed capacity of 2,544.5 MW with 10,193 million kilowatt hours sold to more than 380,000 customers that year (*source*: SEWA).

In 2009-2010, some areas of Sharjah experienced summer blackouts due to a mismatch between fuel supplies and electricity demand. SEWA received funding from the Government of Sharjah to cover the

cost of procuring additional fuel to meet demand, amounting to AED 2,523 million between 2008 and 2012. No such funding was provided in 2013 but an additional AED 1,500 million was provided in 2014 in order to cover the higher than usual costs of SEWA's gas purchases. SEWA supplements locally produced electricity through electricity purchase agreements with the Federal Electricity and Water Authority through the Emirates National Grid and fuel supply arrangements with Dolphin Energy Limited. The total demand for electricity in Sharjah is expected to increase from 2,000 MW in 2013 to 3,580 MW in 2023. SEWA is planning to meet this need by increasing generating capacity, increasing the use of natural gas from Sharjah's own gas fields and by entering into additional electricity purchase agreements with the Federal Electricity and Water Authority and fuel supply arrangements, subject to commercial negotiations with third parties. A long-term plan has been devised to address the need for new capacity and to diversify fuel mix and the supplier base. The current generating capacity will be extended by 250 MW by 2016 and the total additional capacity is expected to reach around 2,768 MW in 2016.

In 2014, SEWA provided 65.4 million cubic metres of natural gas to properties, pumped an average of 11.58 million gallons per day of water from underground sources and produced an average of 87.12 million gallons per day of water through desalination.

Education

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

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

AUS is one of the few universities in the MENA region to be featured in the top 500 of the Quacquarelli Symonds world university rankings that evaluate 800 top universities out of approximately 3,000 universities that operate in the world. The AUS campus was established in 1997 and at present has a total enrolment of over 6,000 students. It offers 26 majors and 54 minors at undergraduate level along with 13 master's degrees through the College of Architecture, Art and Design, the College of Arts and Sciences, the College of Engineering and the School of Business and Management.

In April 1997, the Government of Sharjah established the University of Sharjah through Emiri Decree. Since its establishment, the Government of Sharjah has opened other campuses of the University of Sharjah on the east coast of Sharjah to widen educational access. The university has in excess of 13,000 students and currently offers the largest number of accredited programmes in the UAE with 80 academic degree programmes including 51 bachelor's degrees, 15 master's degrees, four PhD degrees, one graduate and nine associate diploma degrees.

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

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

The Government of Sharjah has also developed a new research centre, Sharjah Research Centre, to document detailed information regarding the publishing world in the Middle East. Sharjah Research Centre was opened in 2015.

While the Federal Government provides basic education for UAE nationals, the Government of Sharjah opts to supplement this with its own initiatives and funding in order to enhance provision. This activity is overseen by the Education Council, a centralised department of the Government of Sharjah. The

Government of Sharjah has recently implemented a "model school" programme, providing equipment, facilities and pedagogic support according to international best practice, initially for a number of pilot schools and now being rolled out more widely, with 35 new schools added to the scheme in 2014.

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

Foreign Direct Investment and Free Zones

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

Free zones have been established in each of the emirates of the UAE. The free zones in Sharjah offer 100 per cent. foreign ownership, a tax free environment, the free transfer of funds, competitive pricing, a one-stop-shop for business services and long lease periods.

The following free zones are located in Sharjah: (i) HFZ (supervised by the Hamriyah Free Zone Authority); and (ii) SAIF - Zone (supervised by the Sharjah Airport International Free Zone Authority). Sharjah Healthcare City was established by Emiri Decree in 2014 but is not yet operational (the first phase of development of clinical and office space is scheduled to commence in 2016) (see "*Principal Sectors of the Economy – Social and Personal Services*").

Despite strong competition from other free zones, HFZ and SAIF- Zone have experienced year on year growth since 2009. The number of companies operating in each of HFZ and SAIF - Zone are set out in the following table:

	Year				
	2010	2011	2012	2013	2014
HFZ.....	4,150	4,618	5,085	5,544	6,128
Saif-Zone	4,646	5,110	5,463	6,165	6,745

Hamriyah Free Zone ("HFZ")

HFZ is located 20 kilometres north-east of the centre of Sharjah City and is the second largest free zone in the UAE. As at 31 December 2014, there were over 6,000 companies registered in HFZ from over 152 countries. HFZ is currently being expanded to provide for space in the free zone in the maritime sector as well as the petrochemical and timber sectors.

Although a significant proportion of tenants in HFZ are involved in heavier and basic industries, due to HFZ's large land area and proximity to the ports, in practice, a wide range of activities are conducted by companies operating in the free zone.

As at 31 December 2014, the top five tenants in HFZ are: (i) Lamprell Energy Ltd; (ii) Damen Shipyard Sharjah FZE; (iii) Gulf Petrochem FZC; (iv) Emirates Techno Castings FZE; and (v) Eversendai Engineering FZE.

As at 31 December 2014, the key sectors of HFZ, in terms of the number of companies operating in the free zone, are: machinery and equipment (19.0 per cent.) and professional services (13.0 per cent.).

To support the SME sector, HFZ provides the Hamriyah SME Zone. Established in 2008, this is a large area supported by inner harbour facilities. The Hamriyah SME Zone provides preferential economic treatment for SMEs in terms of discounted lease rents and rent holidays of two months each year for a fixed period of five years.

The Hamriyah Free Zone Logistic Village was established to provide an all-in-one logistics and distribution centre for companies operating in HFZ and comprises 276 warehouse units, ranging from 275 to 600 square metres in size.

Hamriyah MB Zone was established to cater for the requirements of micro-business owners and offers convenient and practical business solutions for such business owners.

In addition to the 12 million square metres of land currently endowed to the HFZ, another 10 million square metres has been allocated for the second phase of the HFZ's development, which is near completion and is set up for heavy industrial companies in sectors such as cement, steel and maritime.

Sharjah Airport International Free Zone ("SAIF - Zone")

SAIF - Zone is located adjacent to SIA making it easily accessible to seaports on the Indian Ocean and in the Arabian Gulf. SAIF - Zone was created in 1995 with 35 companies. As at 31 December 2014, SAIF - Zone provided services to 6,171 companies from 66 countries and had issued 6,700 licenses.

The majority of tenants in SAIF - Zone are involved in the trading and manufacturing sector. SAIF - Zone also leases office space to business services companies that support the operation of SIA and the SAIF - Zone.

As at 31 December 2014, the top five tenants in the SAIF - Zone, are: (i) MSSL Middle East (FZE); (ii) Valtex International (FZE); (iii) JASCO International (FZC); (iv) Millennium Fashion Industries LTD.; and (v) AHI Carrier (FZC).

For further details, see "*Sharjah International Airport and Air Arabia*" above.

Shurooq

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

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

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

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

BALANCE OF PAYMENTS AND FOREIGN TRADE

As Sharjah does not prepare separate balance of payment statistics, this section describes the UAE's balance of payments generally, although the discussion of foreign trade focuses on Sharjah's trade, rather than that of the UAE.

The UAE has traditionally pursued a free trade policy for deeper integration into the global trading system. Despite the recent global financial crisis and the associated fall in global trade, the UAE continues to pursue a free trade policy by liberalising its trade regime through free trade agreements ("FTAs") with other countries and organisations (including FTAs with Singapore, the European Free Trade Area and New Zealand in 2009). Being a member of the GCC, the UAE's trade policy is closely linked to the trade policy of the other GCC member countries on account of, amongst other things, the GCC Economic Agreement of 2002 which calls for a 'collective negotiation strategy' in the conduct of FTAs with major trading partners, and the establishment of the GCC Customs Union in 2003 which was aimed at enhancing economic unity amongst the member states and to allow the member states to engage in FTA negotiations as a unified trading block.

Balance of Payments

Current Account

Since there are no separate figures on the current and capital account for Sharjah, the table below gives the balance of payments for the UAE for each of the years indicated.

	2012	2013	2014 ¹
		(AED billions)	
Current account balance	292.2	262.1	200.6
Trade balance (FOB)	520.3	529.7	480.6
Total exports of hydrocarbon	464.1	475.2	409.7
Total of non-hydrocarbon exports	367.2	382.4	412.8
Re-exports ²	489.9	516.7	538.8
Total exports and re-exports (FOB)	1,321.1	1,374.3	1,361.3
Total imports (FOB)	(800.8)	(844.6)	(880.8)
Services (net)	(173.2)	(181.0)	(186.5)
Investment income (net)	1.1	0.7	1.0
Transfers (net)	(55.9)	(87.2)	(94.4)
Financial account	(168.7)	(181.7)	(192.6)
Errors and omissions	(86.7)	(7.4)	26.0
Overall balance	36.7	73.1	34.0

Source: UAE Central Bank.

1 Preliminary estimates subject to revision

2 Includes re-exports of non-monetary gold.

The UAE has a long history of positive trade balances reflecting both the importance of its hydrocarbon exports, which accounted for over 30 per cent. of total exports in each of 2012, 2013 and 2014 and its significant volumes of re-exports. The value of the UAE's hydrocarbon exports, the vast majority of which are made by Abu Dhabi, can be volatile as they depend on prevailing oil prices and agreed Organisation of Petroleum Exporting Countries ("OPEC") production quotas. The level of the UAE's imports increased by 4.3 per cent. in 2014 compared to 2013, which in turn represented a 5.5 per cent. increase compared to 2012, reflecting economic growth in the region and increased demand for goods to support infrastructure development in the UAE. The UAE's trade balance as a percentage of nominal GDP was 37.9 per cent. in 2012, 37.3 per cent. in 2013 and 32.8 per cent. in 2014 (based on the NBS data for nominal GDP for the UAE in 2014).

Data on non-trade flows into and out of the UAE is not complete and is subject to revision, reflecting, in part, weaknesses of the central statistical bodies and, in part, the operations of the large free zones. In general, however, the UAE tends to have a non-trade balance deficit reflecting services outflows underlining the UAE's dependence on foreign services for the development of its industrial and services sectors. In addition, there are significant levels of current transfers principally reflecting expatriate workers' remittances.

The UAE had a positive current account balance in each of 2012 and 2013, equal to 21.3 per cent. and 18.4 per cent. respectively, of the UAE's nominal GDP in each of these years. Based on preliminary estimates subject to revision, the UAE had an estimated positive current account balance equal to 13.7 per cent. of its nominal GDP in 2014 (based on NBS data for nominal GDP for the UAE in 2014).

In May 2012 the IMF issued its UAE 2012 Article IV Consultation, which highlighted that the UAE is benefitting from significant capital injections in the banking sector, growth in the trade, tourism, logistics and manufacturing sectors, and high oil prices. The IMF also commented on the size of government-related entity debt and certain risks associated with that debt. The downside risk identified in the UAE 2012 Article IV Consultation highlighted the UAE's reliance on hydrocarbon exports and its close ties with international markets. For example, a renewed deterioration of global financial conditions could make it more difficult for such government-related entities to roll over debt and banks' wholesale funding; a decline in oil prices resulting from the weak growth prospects in the advanced economies may affect export earnings, fiscal revenues and ultimately GDP growth; or a deeper than expected economic slowdown in emerging markets, particularly Asia. In the UAE 2013 Article IV Consultation, the IMF indicated that such downside risks had declined over the past year, but remained material; however, the IMF also highlighted the fact that the UAE's substantial foreign assets and improving fiscal position provide a comfortable buffer that would allow it to sustain short-lived shocks. In the UAE 2014 Article IV Consultation, the IMF stated that the UAE had continued to benefit from its perceived safe-haven status amid regional instability and that its economic recovery had been solid, supported by the tourism and hospitality sectors, and a rebounding real estate sector. Despite moderated oil production, public projects in Abu Dhabi and buoyant growth in Dubai's service sectors continued to underpin growth. The UAE 2015 Article IV Consultation stated that lower oil prices were eroding long-standing fiscal and external surpluses, but the impact on economic activity in the UAE had been limited owing to large buffers.

On 1 June 2014, the UAE was included in the MSCI's Emerging Markets Index. The inclusion of the UAE in such index is expected to facilitate greater capital inflows.

Capital Account

No data is released on the UAE's external debt position. See "*Indebtedness*" for a description of direct indebtedness incurred by the Government of Sharjah. In general, the size of the UAE's trade and current account surpluses, coupled with the limited capacity of the local economy to absorb capital, ensure that net foreign capital flows have almost always been outward, entrenching the UAE's position as a net international creditor and foreign investor.

Most capital outflows have been directed towards the U.S. and European capital markets although more recently there has also been an increase in direct investment in Europe, Asia, Africa and the wider Middle East. This has included entities wholly or partially owned by the governments of certain emirates purchasing significant stakes in foreign companies as well as major corporations, such as Emirates Telecommunications Corporation (Etisalat), making significant acquisitions in order to boost their regional and international presence.

In 2012, 2013 and 2014, the net deficit in the financial account was AED 168.7 billion, AED 181.7 billion and AED 192.6 billion, respectively. Capital transfers by the private sector increased from an outflow of AED 53.7 billion in 2012, to an outflow of 62.8 billion in 2013 and an outflow of AED 72.9 billion in 2014, while public sector net transfers abroad increased from AED 115.0 billion in 2012 to AED 118.9 billion in 2013, and increased to AED 119.8 billion in 2013 (*source*: UAE Central Bank).

In 2012, the balance of payments showed a surplus of AED 36.7 billion, equal to 2.7 per cent. of the UAE's nominal GDP in that year. In 2013, the balance of payments showed a surplus of AED 73.1 billion, equal to 5.1 per cent. of the UAE's nominal GDP in that year. In 2014, the balance of payments showed a surplus of AED 34.0 billion equal to 2.3 per cent. of the UAE's nominal GDP in 2014 (based on the NBS' calculations of GDP for the UAE in 2013).

According to data from the UAE Central Bank, as at 31 December 2013 and 31 December 2014 the UAE's official net foreign asset holdings amounted to approximately AED 261.2 billion and AED 295.1 billion, respectively (see "*Monetary and Financial System – Foreign Reserves*").

The surplus in the trade balance (FOB) slightly increased from AED 520.3 billion in 2012 to AED 529.7 billion in 2013, as an increase in total exports and re-exports from AED 1,321.1 billion in 2012 to AED 1,374.3 billion in 2013 was offset by an increase in imports from AED 800.8 in 2012 to AED 844.6 in 2013.

The surplus in the trade balance (FOB) decreased from AED 529.7 billion in 2013 to AED 480.6 billion in 2014, primarily due to a decrease in exports within the hydrocarbon sector by AED 65.5 billion, from AED 475.2 billion to AED 409.7 billion.

Sharjah Foreign Trade

External trade continues to be a significant contributor to the Sharjah economy. As at the date of this Prospectus, efforts are underway to boost the export of Sharjah's manufactured products by implementing investor-friendly policies including zero corporate taxation, zero export taxation, low import duties and free currency transfers. Sharjah has a large re-export sector, particularly in the areas of pearls and semi-precious stones, machinery and electrical goods and vehicles, aircrafts and vessels (based on 2013 figures). The information in each of the tables below uses data supplied by Sharjah's Customs Department and therefore excludes all imports from, and exports to, neighbouring emirates in the UAE. This data also does not separately present re-exports.

The tables below provide summary information on Sharjah's principal imports and exports in the years indicated. As at the date of this Prospectus, consistent data is unavailable for 2014.

	2011	2012	2013
	<i>(AED billions)</i>		
Imports*			
Pearls, semi-precious stones, metals and jewellery	19.7	19.4	12.6
Vehicles, aircraft, vessels (transport equipment).....	6.1	6.2	8.1
Machinery, electrical, televisions and their parts	5.0	4.7	5.7
Base metals and articles of base metals.....	4.2	4.0	3.8
Others.....	16.3	19.6	22.4
Total	51.3	53.9	52.6

Source: Sharjah Statistics Centre.

Sharjah's principal import items in 2013 were pearls and semi-precious stones, vehicles, aircraft, vessels and machinery and electrical goods, which together accounted for 50.2 per cent. of total imports.

	2011	2012	2013
	<i>(AED billions)</i>		
Exports*			
Pearls and semi-precious stones, metals and jewellery	12.1	17.2	16.6
Machinery, electrical, televisions and their parts	8.6	7.5	8.9
Vehicles, aircrafts and vessels (transport equipment)	6.2	6.1	7.7
Plastics, rubber	2.3	2.8	2.0
Others.....	8.4	8.2	7.0
Total	37.6	41.7	42.2

Source : Sharjah Statistics Centre.

Sharjah's principal export items are pearls, semi-precious stones, metals and jewellery. The products classified under this sector accounted for 41.2 per cent. of the total exports of the Emirate in 2012, and 39.3 per cent. of the total exports of the Emirate in 2013.

The tables below show the geographical breakdown of Sharjah's imports and exports for the years indicated. As at the date of this Prospectus, consistent data is unavailable for 2014.

	2011		2012		2013	
	%	Value (AED billions)	%	Value (AED billions)	%	Value (AED billions)
Imports Country						
India	41.3	21.2	40.2	21.7	27.9	14.7
Iran	6.8	3.5	10.7	5.8	11.0	5.8
Japan	11.4	5.9	9.3	5.0	16.0	8.4
China	7.3	3.7	7.2	3.9	8.4	4.4
United States	4.5	2.3	5.0	2.7	5.3	2.8
Others	28.8	14.8	27.5	14.8	31.4	16.5
Total	100.0	51.3	100.0	53.9	100.0	52.6

Source : Sharjah Statistics Centre.

During 2013, India accounted for 27.9 per cent. of the total value of items imported into the Emirate, followed by Japan and Iran which represented 16.0 per cent. and 11.0 per cent. of the total value of imports, respectively.

	2011		2012		2013	
	%	Value (AED billions)	%	Value (AED billions)	%	Value (AED billions)
Exports Country						
Iran	36.8	13.8	49.3	20.6	53.8	22.7
Iraq	17.3	6.5	13.3	5.5	8.8	3.7
Afghanistan	13.1	4.9	11.5	4.8	14.2	6.0
Others	32.9	12.3	25.9	10.8	23.2	9.8
Total	100.0	37.6	100.0	41.7	100.0	42.2

Source: Sharjah Statistics Centre.

During 2013, Iran accounted for 53.8 per cent. of the total value of items exported from the Emirate, followed by Iraq and Afghanistan.

The significant increase in the value of exports to Afghanistan during 2011, 2012 and 2013 reflects the demand for the building construction materials from that country as a result of an increase in real estate and infrastructure development activities.

MONETARY AND FINANCIAL SYSTEM

As Sharjah does not have a separate monetary or financial system, this section describes the UAE's monetary and financial system generally, although certain sections focus specifically on Sharjah where information is available.

Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The objective of the UAE's monetary policy is to facilitate the fixed exchange rate regime. In common with many other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. dollars, the UAE dirham is pegged to the U.S. dollar. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.\$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE dirham is freely convertible.

With the advent of the global financial crisis in 2008, the UAE's monetary policy has, in addition, been focused on protecting its banking sector and a number of measures have been announced by the UAE Central Bank and Federal authorities in this regard.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years indicated.

	2010	2011	2012	2013	2014
			(AED millions)		
Currency issued (M0).....	47,775	52,087	57,773	63,927	74,472
Money supply (M1)	232,961	264,096	299,173	379,550	436,132
Private domestic liquidity (M2)	786,388	825,758	862,374	1,056,770	1,141,119
Overall domestic liquidity (M3).....	985,172	1,001,357	1,083,053	1,219,890	1,331,984
Broad money (M2) to nominal UAE GDP (%)....	74.9	64.5	62.9	74.3	77.8
Private sector credit.....	720,617	730,861	729,032	753,513	940,009
Private sector credit to nominal UAE GDP (%)...	68.6	57.1	53.2	53.0	64.1
Domestic credit	972,107	992,906	1,026,259	1,114,950	1,277,619
Domestic credit to nominal UAE GDP (%)	92.5	77.6	74.8	78.4	87.1

Source: UAE Central Bank and NBS.

Following the end of the global financial crisis, the rate of growth of broad money (comprising cash and money on deposit in banks in the domestic currency) increased by 8.0 per cent. in the 12 month period from 31 December 2013 to 31 December 2014, compared to an increase of 22.5 per cent. in the 12 month period from 31 December 2012 to 31 December 2013. The rate of growth in broad money had slowed, with broad money increasing by only 4.4 per cent. in the 12 month period from 31 December 2011 to 31 December 2012 and 5.0 per cent. in the 12 month period from 31 December 2010 to 31 December 2011. The availability of credit was constrained from the first quarter of 2009 to 2010, but improved in 2011, with private sector credit increasing from AED 720,617 million as at 31 December 2010 to AED 730,861 million as at 31 December 2011, and then remained relatively stable at AED 729,032 million as at 31 December 2012. Private sector credit increased to AED 753,513 million as at 31 December 2013, and increased further to AED 940,009 million as at 31 December 2014. Domestic credit increased from AED 992,906 million as at 31 December 2011 to AED 1,026,259 million as at 31 December 2012, and then to AED 1,114,950 million as at 31 December 2013 and further increased to AED 1,277,619 as at 31 December 2014.

Foreign Reserves

The table below shows the holdings of foreign currency assets of the UAE Central Bank as at 31 December in each of the years indicated.

	2010	2011	2012	2013	2014
			(AED billions)		
Foreign currency assets	153.43	169.38	205.19	282.91	320.64

Source: UAE Central Bank.

These assets are principally held in deposit accounts with banks outside the UAE or are invested in securities and treasury bills issued by non-UAE issuers. The official reserves figure, however, excludes the stock of publicly controlled foreign assets held in other accounts by bodies controlled by other emirates.

In addition, the ruling families of the various emirates as well as the governments of the emirates and private citizens within the emirates have very significant sums invested abroad.

Foreign currency reserves partially declined in 2009 due to a drop in global oil prices. Foreign currency reserves subsequently increased in 2010, reflecting higher oil prices globally. This upward trend continued in 2011, 2012, 2013 and 2014 with oil prices having been broadly stable until they started to decline in late 2014.

Banking and Financial Services

In addition to the 36 branches of Bank of Sharjah ("BoS"), InvestBank, United Arab Bank and Sharjah Islamic Bank ("SIB") (combined) located in the Emirate, as at 31 December 2014 the Emirate also had an additional 93 branches of non-Sharjah based national banks, 15 branches of foreign banks (out of 115 foreign bank branches throughout the UAE) and 121 licensed money exchange houses (out of 786 branches throughout the UAE) (according to the UAE Central Bank Annual Report 2014). As at the date of this Prospectus, the Government of Sharjah owned 16.26 per cent. of the share capital of BoS and 31.30 per cent. of the share capital of SIB.

As at 31 December 2014, BoS, InvestBank, United Arab Bank and SIB had AED 25,054 million, AED 13,830 million, AED 25,709 million and AED 26,013 million in total assets, respectively.

All banks in the UAE operate under the supervision of the UAE Central Bank.

Although some UAE banks were affected by the liquidity issues that were experienced by banks globally since the second half of 2008, UAE banks were relatively resilient and have since strengthened financially. According to the UAE Central Bank, the aggregate loans, advances and overdrafts (net of provisions) extended to residents and non-residents of the UAE as at 31 December 2014 was AED 1,200.1 billion compared to AED 1,177.3 billion as at 31 December 2013, AED 1,099.1 billion as at 31 December 2012, AED 1,071.0 billion as at 31 December 2011 and AED 1,031.3 billion as at 31 December 2010. Of these amounts, specific and general provisions were AED 95.5 billion in 2014, AED 96.7 billion in 2013, AED 85.4 billion in 2012, AED 71.6 billion in 2011 and AED 56.8 billion in 2010, equating to provision rates of 8.0 per cent., 8.2 per cent., 7.8 per cent., 6.7 per cent. and 5.5 per cent., respectively.

The table below provides a statistical analysis of the UAE banking sector as at 31 December for each of the years indicated.

	2010	2011	2012	2013	2014
Total number of banks	51	51	51	51	51
Total number of branches	815	851	890	928	955
Total number of employees ¹	37,403	37,499	36,246	36,087	39,013
Total credit facilities ² (AED millions)	972,107	992,906	1,026,259	1,114,950	1,277,619
Total provisions ³ (AED millions)	56,800	71,600	85,400	96,700	95,700
Total assets ⁴ (AED millions)	1,609,257	1,665,220	1,794,395	1,945,091	2,304,867
Total deposits (AED millions)	1,049,628	1,069,750	1,167,797	1,277,028	1,421,230

Source: UAE Central Bank.

1 Excluding overseas branches.

2 Net of provisions and interest in suspense.

3 Including interest in suspense.

4 Net of provisions and interest in suspense.

Supervision of Banks

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks.

The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain. An improved risk management framework is currently being implemented, which is designed to provide the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

The UAE Central Bank does not act as a lender of last resort, a role which tends to fall on the governments of the individual emirates.

Federal Law No. 10 of 1980 (the "**1980 Law**") grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the Federal Government on financial and monetary issues;
- maintain the Federal Government's reserves of gold and foreign currencies;
- act as a bank for the Federal Government and other banks operating in the UAE; and
- act as the Federal Government's financial agent with the IMF, the World Bank and other international financial organisations.

The UAE Central Bank is also responsible for regulating financial institutions in relation to anti-money laundering controls and enforcing Federal Law No. 4 of 2002 regarding the criminalisation of money laundering. It has established a Financial Intelligence Unit, issued a number of detailed regulatory instructions in pursuit of anti-money laundering policies and procedures, and hosted teams from the Financial Action Task Force (the "**FATF**") and the IMF who reviewed, discussed and tested existing UAE laws and regulations. This led the FATF to conclude, in January 2002, that the UAE had put in place an adequate anti-money laundering system. The UAE has also established a National Anti-Money Laundering Committee (the "**NANLC**"), which is responsible for coordinating anti-money laundering policy.

Since 1999, regulated banks in the UAE have been required to prepare their financial statements in accordance with International Financial Reporting Standards by the International Accounting Standards Board. This has led to a substantial improvement in disclosure standards. Basel II was introduced effective as from 17 November 2009 (see "*Recent Developments – Capital*" for further details).

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the 1980 Law. Domestic commercial banks, also known as "*local*" banks, of which there were 23 at 31 December 2014 (according to the UAE Central Bank), are required to be public shareholding companies with a minimum share capital of AED 40 million and must be majority- owned by UAE nationals.

Licensed foreign banks, of which there were 26 at 31 December 2014 (according to the UAE Central Bank), need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. The 1980 Law also licenses "*financial institutions*" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), foreign commercial banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

Characteristics of the Banking System

The UAE banks are predominantly focused on the domestic market. In 1987, foreign banks operating in the UAE were limited to a maximum of eight branches.

With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. The high oil prices and strong economic conditions in the UAE between 2005 and 2008 allowed the UAE banks to expand their activities significantly with total loans and deposits of the banking sector increasing by 255 per cent. and 214 per cent., respectively, between 31 December 2004 and 31 December 2008. As a result, the UAE financial system entered the global crisis exposed to a highly leveraged economy, a factor which the authorities recognised and responded to during the crisis. However, the UAE Central Bank has in recent years announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE and, in 2013, 2014 and the first half of 2015, banks in the UAE were no longer affected by the liquidity issues faced by some banks globally during 2008 and 2009 (see "*Recent Developments – Capital*" for further details).

There is a high degree of state involvement in the UAE banking sector, with the five largest banks being controlled by the governments and/or ruling families of individual emirates (see "*Economy of Sharjah – Principal Sectors of Economy – Financial Corporations*" for further details).

Additionally, a number of banks have developed in the Islamic space in the UAE and Sharjah, such as the partly government-owned bank, SIB, to serve customers who wish to observe Shari'a principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant Shari'a principles are complied with.

Recent Developments

Capital

The UAE national banks are well capitalised by international standards. The UAE Central Bank previously required all UAE banks to have a total capital adequacy ratio of at least 10 per cent. (of which Tier I capital must reach a minimum of 6 per cent. and Tier II capital may only be considered up to a maximum of 67 per cent. of Tier I capital), of total risk weighted assets. However, as a result of the global economic slowdown, the UAE Ministry of Finance and the UAE Central Bank temporarily increased the total capital ratio to 11 per cent. (from 30 June 2009) and 12 per cent. (from 30 June 2012). Subsequently, on 31 August 2009, the UAE Central Bank recommended that domestic and foreign banks operating in the UAE should ensure a minimum Tier I capital adequacy ratio of 7 per cent. with a minimum total capital adequacy ratio of 11 per cent. by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of 12 per cent. by 30 June 2010.

The following table sets out the capital adequacy ratio of all UAE national banks as at 31 December in each of the years indicated.

	2010	2011	2012	2013	2014
Total capital adequacy ratio (per cent.)	20.8	20.8	21.0	19.3	18.2
Tier I capital adequacy ratio (per cent.)	16.1	16.3	17.6	16.9	16.2

Source: UAE Central Bank.

While the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements ("BIS") guidelines, claims on or guaranteed by GCC central governments and central banks are risk weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent.

Banks in the UAE are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee on Banking Supervision (the "**Basel Committee**") has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity

requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**").

Basel III does not replace Basel II, rather, it implements a series of modifications to the existing regulatory structure.

Basel III increases the quantity and quality of the regulatory capital banks are required to hold. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit and market exposures arising from certain assets and transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity. The most significant features of the reforms introduced by Basel III are as follows:

- *Capital base*

Between 2013 and 2019, the common equity component of capital (known as Core Tier I) will increase from 2 per cent. of a bank's risk-weighted assets before certain regulatory deductions to 4.5 per cent. after such deductions. In addition, a new capital conservation buffer will be introduced, as well as a zero to 2.5 per cent. counter-cyclical capital buffer. As a result, the overall capital requirement (Tier I and Tier II) will increase from 8 per cent. at the Basel II baseline to 10.5 per cent. by 2019 with full Basel III implementation.

- *Common equity*

Common equity will continue to form the basis of Tier I capital, but other hybrid capital instruments permitted under Basel II will be replaced with instruments that are more loss absorbing and do not have incentives to redeem. Non-qualifying instruments issued on or after 12 September 2010 will be derecognised in full from 1 January 2013; certain other instruments issued prior to 12 September 2010 which qualified as Tier I capital under Basel II but do not so qualify under Basel III, consisting of, among other instruments, perpetual non-cumulative preference shares, will be gradually derecognised at a rate of 10 per cent. per year from 2013 to 2023.

- *Capital charges*

Increased capital charges will be introduced with respect to re-securitisation exposures and certain liquidity commitments held in the banking book will require more capital. With respect to a bank's trading books, more robust risk assessment methodologies will be utilised to value assets and increased counterparty and market risk charges will be assessed for exposure to other financial institutions and securitised assets.

- *Leverage ratio*

A minimum 3 per cent. leverage ratio, measured against a bank's gross (and not risk-weighted) balance sheet, will be adopted on a trial basis until 2018 and definitively adopted in 2019.

- *Liquidity standards*

A "liquidity coverage ratio" requiring high-quality liquid assets to equal or exceed certain cash outflows is expected to be adopted from 2015, thereby ensuring that a bank has sufficient high-quality liquid assets to survive a one-month period of market stress. In addition, a "net stable funding ratio" requiring "available" stable funding sources to equal or exceed "required" stable funding will be adopted from 2018, thereby ensuring that a bank has access to capital or high-quality funding to survive a one-year period of market stress.

The UAE Central Bank issued guidelines on the implementation of Basel III in July 2012 under the heading "Liquidity Regulations at Banks" (see "*Liquidity*" for further details). Since then, the UAE Central Bank has been preparing local institutions for the implementation of the Basel III standards.

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have adequate systems and controls to manage their liquidity positions, as well as contingency plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

Most of the UAE banks are funded through on-demand or time-based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 60.0 per cent. of total deposits of the UAE banking sector as at 30 November 2013. Government and public sector deposits contributed approximately 25.0 per cent. of total deposits as at 30 November 2013. Non-resident and other sources contributed approximately 15.0 per cent. as at the same date.

The UAE Central Bank has in recent years announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit repurchase facility under which banks can use certificates of deposit as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, during 2009, the Federal Government provided AED 50 billion in deposits to UAE banks and UAE banks were given the option to convert those deposits into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE subsequently made such conversions. As a result, the average capital adequacy ratio of all UAE national banks increased to 20.8 per cent. as at 31 December 2010 from 19.2 per cent. as at 31 December 2009. The capital adequacy ratio of all UAE national banks was 20.8 per cent., 21.0 per cent., 19.3 per cent. and 18.2 as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 December 2014, respectively.

In line with Basel III requirements, the UAE Central Bank issued Circular 33/2015 ("**Circular 33/2015**") dated 27 May 2015, which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in Circular 33/2015 elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices.

Increased Provisions and Insolvencies

A number of UAE banks have announced exposures to well-known GCC-based companies which have become insolvent or have been restructured. These include the Saad and Alghosbi groups of the Kingdom of Saudi Arabia, as well as Tabreed and the Dubai World group in the UAE. As a result of global and regional economic conditions since late 2008 and increasing insolvencies and restructurings resulting therefrom, the total provisions recorded by banks in the UAE have increased from AED 25.2 billion, or 1.8 per cent. of total UAE bank assets, as at 31 December 2008 to AED 43.3 billion, or 2.9 per cent. of total UAE bank assets as at 31 December 2009, AED 56.8 billion, or 3.5 per cent. of total UAE bank assets, as at 31 December 2010, AED 71.6 billion, or 4.3 per cent. of total UAE bank assets, as at 31 December 2011, AED 85.4 billion, or 4.8 per cent. of total UAE bank assets as at 31 December 2012, AED 96.7 billion, or 5.0 per cent. of total UAE bank assets as at 31 December 2013 and AED 95.4 billion, or 4.1 per cent. of total UAE bank assets as at 31 December 2014.

In November 2010, the UAE Central Bank published a new set of rules making it mandatory for banks and financial institutions to make provisions for their impaired loans on a quarterly basis. The new guidelines prescribed specific provisions for three categories of impaired loans and stipulated that lenders should build up general provisions equal to 1.5 per cent. of risk weighted assets over a period of four years, up from the previous requirement of 1.25 per cent.

Large Exposures

The UAE Central Bank defines large exposures as any funded on-or-off balance sheet exposure (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding a prescribed set of limits. The large exposure limits (defined as a percentage of the bank's capital base) prior to April 2012 are as follows:

- a) to a single borrower or group of borrowers - 7 per cent.;
- b) to a shareholder of the bank holding more than 5 per cent. of the bank's capital - 7 per cent.;
- c) overseas interbank exposures - 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- d) to the bank's parent company, subsidiaries or affiliates - 20 per cent. (60 per cent. for all such exposures in aggregate); and
- e) to Board members - 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank issued a circular (the "**2013 Large Exposure Limits Circular**") amending certain of the large exposure limits (defined as a percentage of the bank's capital base). The 2013 Large Exposure Limits Circular entered into force on 30 January 2014. UAE banks have until 10 December 2018 to meet the revised limits set out therein. The 2013 Large Exposure Limits Circular maintained limits introduced by a UAE Central Bank circular published on 4 April 2012 (the "**2012 Central Bank Circular**") of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such borrower. The 2013 Large Exposure Limits Circular introduced limits on lending by banks to their employees and introduced a prohibition on lending to a bank's professional advisers. Set out below is a table showing a comparison between the exposure limits stipulated in the 2013 Large Exposure Limits Circular, following the 2012 Central Bank Circular, and those in place before the 2013 Large Exposure Limits Circular came into force (defined as a percentage of the bank's capital base calculated under Basel II):

<u>Exposure</u>	<u>New Limit</u>		<u>Old Limit</u>	
	<u>Individual</u>	<u>Aggregate</u>	<u>Individual</u>	<u>Aggregate</u>
UAE Federal Government and their non-commercial entities	Exempt No limit for local government, 25 per cent. for each of their non-commercial entities	Exempt	Exempt	Exempt
UAE local governments and their non-commercial entities	25 per cent.	100 per cent.	25 per cent.	100 per cent.
Commercial entities of UAE Federal Government and UAE local government	25 per cent.	100 per cent.	25 per cent. funded	100 per cent.
Commercial or other (non-commercial) private sector entities and individuals or a group of related entities	25 per cent.	None	max 15 per cent. funded	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20 per cent.	50 per cent.	max 10 per cent. funded	50 per cent.
Inter-bank exposures of over one year	30 per cent.	None	max 10 per cent. funded	max 25 per cent. funded
Bank's subsidiaries and affiliates	10 per cent.	25 per cent.	30 per cent.	25 per cent.
Board members	5 per cent.	25 per cent.	5 per cent.	25 per cent.
Bank employees	Maximum of 20 months' salary	3 per cent.	Maximum of 20 months' salary	20 per cent.
Bank's external auditors, consultants and lawyers	Not allowed	Not allowed	Not allowed	Not allowed

Federal Debt Management

In December 2010, the Federal National Council passed the Public Debt Law under which the total value of the UAE's public debt should not be more than 25 per cent. of the GDP or AED 200 billion, whichever is lower at the time of issuing public debt. The Public Debt Law is awaiting the approval of the President of the UAE and is therefore yet to be enacted. The Public Debt Law could therefore change before it is enacted.

Insurance

There is an absence of published statistical data on the insurance sector in the UAE and Sharjah. Insurance companies are regulated by the Insurance Division of the Federal Ministry of Economy.

Al-Buhaira National Insurance Company is a public shareholding company incorporated in the Emirate and is listed on the Abu Dhabi Securities Exchange ("**ADX**"). It undertakes several classes of insurance business, including life insurance, saving and accumulation of funds. In addition to its head office, Al-Buhaira National Insurance Company has 2 further branches located in Abu Dhabi and Dubai.

Capital Markets

The capital markets in the UAE are regulated by a number of entities including the Emirates Securities and Commodities Authority (the "**SCA**"), which licenses intermediaries to trade on the Dubai Financial Market ("**DFM**") and ADX. The SCA is a Federal Government organisation but has financial, legal and administrative independence.

In common with other regional exchanges, the DFM and ADX experienced a sustained decline in market capitalisation from mid-2008 to the end of 2010. However, the ADX recovered slightly in 2009, with a 17 per cent. increase in market capitalisation, following a fall of 43 per cent. in 2008.

Equity prices declined generally in the UAE in 2008 but, more recently, have rebounded with the ADX rising from 2,390.0 as at 31 December 2008 to 2,742.6 as at 31 December 2011 before falling to 2,561.2 as at 31 December 2012 and rising to 4,316.6 as at 31 December 2013 and to 4,528.93 as at 31 December 2014 and then falling to 4,307.26 as at 31 December 2015. The DFM index has shown greater volatility rising from 1,636.3 as at 31 December 2008 to 1,803.6 as at 31 December 2009, before falling to 1,630.5 as at 31 December 2010 and 1,353.4 as at 31 December 2011, rising to 1,622.5 as at 31 December 2012, to 3,369 as at 31 December 2013 and to 3,774.00 on 31 December 2014 and then falling to 3,151.00 as at 31 December 2015.

The other significant stock exchange in the UAE is NASDAQ Dubai (formerly known as the Dubai International Financial Exchange) which commenced operations in September 2005 and, as an entity based in the Dubai International Financial Centre, is separately regulated by the Dubai Financial Services Authority.

PUBLIC FINANCE

Government Finance

Government of Sharjah Budget and Financial Information

The Government sector in Sharjah is defined as consisting of entities known in Sharjah as centralised departments, and the Department of Customs (which is a decentralised department). The wider public sector in Sharjah consists of the remaining decentralised departments and independent authorities which are wholly- or majority- publicly owned.

The centralised departments are the core public service departments of Government and include, among others: (i) the Directorate of Public Works; (ii) the Economic Development Department; (iii) the Finance Department; (iv) the Real Estate Registration Department; (v) Sharjah Police; (vi) the Town Planning Department; and (vii) the Department of Culture and Information.

There are four decentralised departments, which have certain reporting and governance relationships with the Government of Sharjah but are operationally autonomous: (i) the Department of Seaports; (ii) the Department of Customs; (iii) the Department of Civil Aviation; and (iv) Sharjah Airport Authority.

Independent authorities in Sharjah are wholly or majority publicly-owned but operate at arm's length from the Government of Sharjah and are responsible for managing their own finances (although they may receive financial and/or operational support from the Government of Sharjah). Independent authorities include: (i) Bee'ah (Sharjah Environment Company); (ii) Sharjah Commerce and Tourism Development Authority; (iii) Hamriyah Free Zone Authority; (iv) Sharjah Electricity and Water Authority ("**SEWA**"); (v) Sharjah Airport International Free Zone ("**SAIF - Zone**"); (vi) the Sharjah Investment and Development Authority ("**Shurooq**"); (vii) Sharjah Municipality; and (viii) the Roads and Transport Authority (see "*Description of the Emirate of Sharjah – Relationship between the UAE Constitution and Sharjah – The Government of Sharjah*" above for further details).

The centralised departments of the Government of Sharjah negotiate their individual budgets with the Finance Department on an annual basis, with the final budgets being approved by H.H. The Ruler. Decentralised departments currently also follow this process, although their funding is principally from their own sources of revenue. The budget-setting arrangements for independent authorities vary from entity to entity, depending on their constitutional documents and established practice. All centralised department revenues and customs revenues flow to accounts managed by the Finance Department on behalf of the Government of Sharjah and are used to fund the Government of Sharjah's expenditure. The Finance Department controls the expenditure of centralised departments on a detailed, line-by-line basis, to ensure consistency with the budget.

Major project expenditure and a number of "non-departmental" items are also managed centrally by the Finance Department, rather than through departmental budgets.

Decentralised departments and independent authorities may, depending on their financial circumstances, receive financial support from the Government of Sharjah in the form of grants, free land allocations, the assumption of certain payment obligations or loans from the Government of Sharjah. Alternatively, if they are cash-generating, these entities may be required to make dividend-like payments to the Government of Sharjah.

Government Consolidated Accounts

The Government of Sharjah does not prepare consolidated annual or quarterly accounts as at the date of this Prospectus.

Public Finance Modernisation Programme

Between 2010 and 2015 the Finance Department implemented a public finance modernisation programme to modernise and professionalise the Government of Sharjah's financial management. Building on the foundations of its public finance modernisation programme, the Finance Department has developed a new set of strategic priorities for 2016-2018 which aim, among other things, to promote the Emirate's sustainable economic growth and financial stability.

Government Cash flow Analysis

The Government of Sharjah regularly prepares detailed cash flow statements in order to centrally control its liquidity and payment commitments. The table below sets out the detailed cash flow statements for the years indicated, excluding debt financing.

	2012	2013	2014
	(AED millions)		
Cash Inflows			
Department of Customs	896	852	1,009
Economic Development Department	571	552	727
Sharjah Police	463	596	713
Town Planning Department	67	96	91
Directorate of Public Works.....	65	73	51
Other departmental revenues.....	180	266	324
Oil, gas and LPG	913	858	835
Land sales	498	763	380
Bank tax	109	202	82
Shares/Dividends	134	143	173
Transfer from GREs, and other revenues	399	462	1,360
Contributions from Federal Government	0	0	0
Total Cash Inflows	4,295	4,861	5,745
Cash Expenditure			
Departmental expenditure			
Police	(780)	(829)	888)
Social Services	(250)	(248)	242)
Culture and Information	(193)	(204)	303)
Media/TV	(139)	(192)	225)
Customs	(123)	(140)	159)
Sports Council.....	(131)	(144)	174)
Town Planning	(100)	(107)	121)
Al Diwan Al Amiri, Sharjah	(161)	(119)	133)
Museums	(92)	(94)	108)
Economic Development	(71)	(76)	87)
Islamic Affairs and Awqaf	(67)	(73)	75)
e-Government	(62)	(64)	81)
Public Works.....	(49)	(61)	55)
Police Sciences Academy	(63)	(67)	67)
Other departmental spending	(592)	(713)	891)
Total departmental spending	(2,873)	(3,132)	3,609)
Central expenditure			
Contractor Payments	(1,088)	(1,447)	1,481)
Debt Interest.....	(268)	(323)	296)
Land Compensation	(205)	(30)	14)
Support to SEWA	(157)	(0)	1,500)
Makrama and other central spending	(563)	(923)	1,052)
Total Spending	(5,154)	(5,855)	7,950)

Source: Finance Department

Total cash inflows increased from AED 4.3 billion in 2012 to AED 4.9 billion in 2013 and further increased to AED 5.7 billion in 2014. Cash inflows from oil, gas and LPG decreased from AED 913 million in 2012 to AED 858 million in 2013, and further decreased to AED 835 in 2014. Cash inflows from land sales increased from AED 498 million in 2012 to AED 763 million in 2013, but

decreased to AED 380 million in 2014. Cash from bank taxes increased from AED 109 million in 2012 to AED 202 million in 2013, but decreased to AED 82 million in 2014. Expenditure for culture and information increased from AED 193 million in 2012 to 204 million in 2013 and AED 303 million in 2014. Finance costs increased from AED 268 million in 2012 to AED 323 million in 2013 as the Government of Sharjah incurred additional debt to fund capital expenditure (see "*Indebtedness*"), but subsequently decreased to AED 296 million in 2014, as a result of the Government of Sharjah's debt refinancing programme.

Government Revenue

Sharjah's government revenues totalled AED 5.7 billion for the year ended 31 December 2014.

The Government of Sharjah has a diverse but relatively narrow revenue base. With the exception of a levy on foreign banks and hydrocarbon extraction, there is no traditional direct tax. This beneficial tax environment provides an incentive for businesses and wage-earners to locate to the Emirate.

Licensing, fines and fees provide the majority of revenues, in particular via the Department of Customs, the Economic Development Department and Sharjah Police.

Land sales to private companies and individuals generate significant capital receipts for the Government of Sharjah, as well as providing a means for the Government of Sharjah to manage the pace and location of economic expansion. In addition, this represents an area of particular fiscal flexibility for the Government of Sharjah, which can choose how much land to release for sale or development in a given year, based on market conditions, development priorities and fiscal requirements.

Aggregate oil, gas and LPG (Shalco) revenues are on a long-term declining path notwithstanding year-to-year fluctuations and, as at the end of 2014, represented less than 15 per cent. of total receipts. As such, the Emirate does not display high levels of hydrocarbon fiscal dependency. Falling production levels since 2009 had been broadly offset in nominal terms by rising prices until the end of 2014.

The Government of Sharjah is implementing the recommendations of a project aimed at identifying sources of sustainable revenue in order to ensure medium-term fiscal sustainability and replacing reducing hydrocarbon revenues. The most significant change so far undertaken was an amendment in January 2015 to the structure of charges by Sharjah Electricity and Water Authority. The Government of Sharjah expects that the sliding scale of rates chargeable under the new structure (which increase in proportion to usage) will increase revenues as well as incentivise lower energy and water consumption (thus reducing cost).

Government Expenditure

The Government of Sharjah's expenditure totalled AED 8.0 billion in 2014.

The majority of this expenditure is incurred by centralised departments, with wages and other staff costs being the largest element of such expenditure. Recent salary enhancements and high levels of recruitment have increased departmental spending since 2012.

Growth in departmental budgets has reflected the Government of Sharjah's policy priorities, with a particular focus on cultural activities (such as media/TV and culture and information) and social services.

Payments to contractors for major projects and other "non-departmental" expenditure items are managed centrally by the Finance Department. Project expenditure has recently increased following a period of lower spending following the 2008 global financial crisis. Other discretionary expenditure, such as "makrama" (local and foreign aid), grants to private sector institutions and centrally managed policy initiatives, has also increased recently. These areas of discretionary expenditure offer the Government of Sharjah considerable fiscal flexibility.

The Government of Sharjah does not currently anticipate a significant increase in these costs in the near future.

Overall Budget Position

The Government of Sharjah aims to achieve a broadly balanced current budget (i.e. excluding capital expenditure and receipts) over a period of time. Accordingly, it is prepared to borrow to finance capital investment. The Government of Sharjah has met this objective in recent years, despite an increase in the deficit in 2014 caused primarily by the transfer of AED 1.5 billion to SEWA as described in "*The Economy of Sharjah – Infrastructure – Utilities*".

Government of Sharjah overall budget 2012-2015

	2012	2013	2014	2015*
Expenditure (AED millions)	(5,154)	(5,855)	(7,950)	(7,102)
Revenue (AED millions).....	4,295	4,861	5,745	5,414
Surplus/(deficit) (AED millions).....	(859)	(994)	(2,205)	(1,688)

* 2015 data reflects budget totals determined at the start of the year through the annual budgeting process.

Government of Sharjah current budget 2012-2015

	2012	2013	2014	2015*
Total surplus/(deficit) (AED millions).....	(859)	(994)	(2,205)	(1,688)
Capital and project expenditure (AED millions).....	(1,228)	(1,447)	(1,481)	(1,300)
Capital receipts (AED millions).....	498	763	380	500
Current budget surplus/(deficit) (AED millions).....	(129)	(311)	(1,104)	(888)
GDP (AED millions).....	73,216	79,287	82,825	n/a
Current budget surplus/(deficit), (% GDP)	(0.2)	(0.4)	(1.3)	n/a

* 2015 data reflects budget totals determined at the start of the year through the annual budgeting process.

Government Assets and Investments

Government Assets - Cash and Fixed Assets

The Government of Sharjah does not hold significant amounts of cash. The Government of Sharjah had AED 900 million of cash and cash equivalents as at 31 December 2014.

The Government of Sharjah holds a very large stock of fixed assets, although no comprehensive valuation is available. All unallocated land in the Emirate is *de facto* the property of the Government of Sharjah. The Government of Sharjah also owns large quantities of land and buildings used for government activities and public services.

Government Investments

In addition to its ownership of decentralised departments and independent authorities, the Government of Sharjah has minority shareholdings in a number of private-sector businesses. The table below shows the principal listed commercial enterprises in which the Government of Sharjah directly held a shareholding as at 30 June 2015, showing a total value of AED 18.9 billion. These are generally strategic investments which the Government of Sharjah intends to hold over the medium to long-term because of their importance to the Emirate's development. The Government of Sharjah has also made a small number of investments ("**Alternative Investments**") into various regions and sectors purely on a commercial basis to generate an additional source of income. Such investments may take the form of equity or debt or equity-debt hybrid instruments or even trade financing. As at 30 June 2015, Alternative Investments amounted to AED 73 million, or approximately 2.14 per cent. of the Government of Sharjah's investments. No material change to this portfolio mix has occurred as at the date of this Prospectus.

The Government of Sharjah's holdings in listed companies and the value thereof as at 31 December 2015 was as follows:

Company Name	Shareholding (%)	Market Capitalisation	GoS' Holding Value
	<i>(AED millions)</i>		
Air Arabia.....	17.40	6,347	1,104
Bank of Sharjah Limited.....	15.49	3,234	501
Sharjah Islamic Bank.....	31.30	3,638	1,139
Sharjah Cement and Industrial Development Company	16.26	603	98
Dana Gas Company	3.67	3,554	130
Total Market Value of Listed Shares		17,376	2,973

Source: Bloomberg

Relationship with the Federal Government

There are no fiscal flows between the Government of Sharjah and the Federal Government. Despite a lack of financial flows, the Emirate benefits significantly from a range of public services provided at the federal level including:

- Basic education for UAE nationals;
- Healthcare for UAE nationals;
- Defence and foreign policy initiatives;
- Some UAE-wide police and civil defence initiatives; and
- Postal services.

In addition, the Federal Government maintains a large public works programme, which covers, in particular, infrastructure and housing.

In October 2013, the Federal Government announced a three year federal budget of AED 140 billion, mainly focused on social development and education. Sharjah and the northern emirates are expected to benefit significantly from expenditure programmes under this budget allocation.

INDEBTEDNESS

The Government of Sharjah has adopted a centralised debt policy, administered by the Debt Management Office (the "DMO"), which is a division of the Finance Department. The DMO directly manages the borrowing of the Government of Sharjah. For decentralised departments and independent authorities, the DMO plays a role in coordinating all borrowing activity, advising entities on how to structure transactions and approach the market, and supporting them in commercial negotiations and the completion of legal processes. Any borrowing from these entities must be approved in advance by the DMO.

Government Debt

The table below sets out the details of the Government of Sharjah's outstanding debt as at 31 December in each of the years indicated.

	2012	2013	2014
Gross Debt (AED millions)	4,291	5,427	8,185
Gross Debt/GDP (%)	5.9	6.8	9.9
Net Debt* (AED millions)	4,290	5,397	7,285
Net Debt*/GDP (%)	5.9	6.8	8.8

* Net Debt is equivalent to Gross Debt minus holdings of cash and cash equivalents.

Of the Government of Sharjah's total outstanding indebtedness of AED 8.185 million as at 31 December 2014, 74 per cent. was denominated in U.S. dollars and 26 per cent. was denominated in AED. 18 per cent. of the Government of Sharjah's debt comprised borrowings from Sharjah-based banks, 3 per cent. of the Government of Sharjah's debt comprised borrowings from other UAE-based banks, 45 per cent. of the Government of Sharjah's debt comprised borrowings from international banks, and 34 per cent. of the Government of Sharjah's debt comprised indebtedness due under the U.S.\$750,000,000 3.764 per cent. trust certificates issued in 2014 by Sharjah Sukuk Limited.

Of the Government of Sharjah's total outstanding indebtedness of AED 5,427 million as at 31 December 2013, 26 per cent. was denominated in U.S. dollars and 74 per cent. was denominated in AED. As at 31 December 2013, 54 per cent. of the Government of Sharjah's debt comprised borrowings from Sharjah-based banks, 5 per cent. of the Government of Sharjah's debt comprised borrowings from other UAE-based banks, and 41 per cent. of the Government of Sharjah's debt comprised borrowings from international banks.

The maturity profile of the indebtedness outstanding on 31 December 2014 and 31 December 2013 was as set out in the tables below.

Government debt maturity profile, 31 December 2014

	Year						
	2015	2016	2017	2018	2019	2020	After 2020
	(AED millions)						
Principal payments	310	898	1,008	754	1,424	202	3,589

Government debt maturity profile, 31 December 2013

	Year						
	2014	2015	2016	2017	2018	2019	After 2019
	(AED millions)						
Principal payments	824	861	1,300	1,075	538	339	489

The Government of Sharjah has no record of default on its indebtedness, current or past.

Debt Refinancing Programme

During the course of 2014, the Government of Sharjah refinanced a significant portion of its outstanding indebtedness (principally denominated in AED) through, amongst other methods, the trust certificate issuance by Sharjah Sukuk Limited and by refinancing other borrowings on more favourable terms.

Wider Public Sector Debt

The table below sets out the details of the main outstanding debt of decentralised departments and independent authorities as at 31 December 2014.

	Gross Debt Outstanding	Net Debt*
	<i>(AED million)</i>	
SEWA	7,182.7	6,724.4
Sharjah Airport Authority	544.8	496.8
SAIF-Zone	469.1	378.1
Sharjah Municipality	551.2	361.1
Bee'ah	543.7	526.6
Others	390.9	(848.0)
Total	9,682.4	7,639.0

Source: Finance Department.

* Net Debt is equivalent to Gross Debt minus holdings of cash and cash equivalents.

The Government of Sharjah does not provide blanket guarantees for the borrowing of any decentralised department or independent authority. However, the Government of Sharjah has guaranteed a number of individual transactions in order to help an entity to obtain the most favourable commercial terms. Requests for such guarantees are appraised by the DMO on a case by case basis, taking risk, pricing and strategic importance into consideration.

The borrowings underwritten by the Government of Sharjah, as at 31 December 2014, are:

- SEWA: AED 3,457 million.
- Sharjah Airport Authority: AED 138 million.

Total Public Sector Debt

The table below sets out the details of the public sector outstanding debt as at 31 December in each of the years indicated.

	2012	2013	2014
Public Sector Gross Debt (<i>AED Millions</i>)	13,148	15,007	17,867
Public Sector Gross Debt/GDP (%)	18.0	18.9	21.6
Public Sector Net Debt* (<i>AED Millions</i>)	11,185	13,289	14,924
Public Sector Net Debt*/GDP (%)	15.3	16.8	18.0

* Net Debt is equivalent to Gross Debt minus holdings of cash and cash equivalents.

Public sector net debt was AED 14.9 billion, or 18.0 per cent. of GDP, in 2014, AED 13.3 billion, or 16.8 per cent. of GDP, in 2013 and AED 11.2 billion, or 15.3 per cent. of GDP, in 2012.

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: (i) electronically from the Principal Paying Agent; and (ii) for inspection at the offices of the Principal Paying Agent (as defined in the Conditions) during normal business hours.

Sale and Purchase Agreement

The Sale and Purchase Agreement will be entered into on the Closing Date between the Trustee (in its capacity as "**Purchaser**") and GoS (in its capacity as "**Seller**") and will be governed by the laws of the Emirate of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE.

Pursuant to the Sale and Purchase Agreement, on the Closing Date, the Purchaser will purchase and accept the transfer and conveyance from the Seller of, all of the Seller's interests, rights, title, benefit and entitlements, present and future, in, to and under certain assets identified in the Sale and Purchase Agreement (the "**Assets**").

Lease Agreement

The Lease Agreement will be entered into on the Closing Date between Sharjah Sukuk (2) Limited (in its capacity as Lessor) and GoS (in its capacity as Lessee). The Lease Agreement will be governed by the laws of the Emirate of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE.

Under the terms of the Lease Agreement, the Lessor will lease to the Lessee, and the Lessee has agreed to lease from the Lessor, the Lease Assets during the term of the Lease. The term of the Lease will commence on the Closing Date and end (subject to certain provisions in respect of the Additional Rental Period as more particularly described in the Purchase Undertaking) on the Dissolution Date.

The Lessor and the Lessee have also agreed that if a substitution or reduction (in whole or in part) of the Lease Assets takes place pursuant to the Sale and Substitution Undertaking, the Lease Assets that are the subject of the Lease (as more particularly described in the schedule to the Lease Agreement) shall be amended to reflect such amendments or substitutions to the Lease Assets.

During the term of the Lease, the Lessee will agree to pay the Lessor the rent specified in the Lease Agreement for each rental period as specified in the Lease Agreement. The rental payments due under the Lease Agreement in respect of the Lease Assets will be sufficient to pay the relevant Periodic Distribution Amounts payable on the Periodic Distribution Dates in respect of the Certificates.

All payments by the Lessee to the Lessor under the Lease Agreement shall be paid in full without any set-off (save as provided in the Service Agency Agreement) or counterclaim of any kind and without any deduction or withholding for or on account of tax unless the deduction or withholding is imposed or levied by or on behalf of any relevant taxing authority, in which event the Lessee shall forthwith pay to the Lessor such additional amount so that the net amount received by the Lessor will equal the full amount which would have been received by it had no such deduction or withholding been made.

Under the terms of the Lease Agreement, the Lessee will agree that, from the date of commencement of the Lease, it shall bear the entire risk of loss or damage to (the whole or part of) the Lease Assets and no liability shall attach to the Lessor for any loss arising due to or in connection with the negligent or inappropriate usage of (the whole or part of) or operation or deliberate misuse of the Lease Assets by the Lessee. The Lessee shall, at its own cost and expense, be responsible for the performance of all ordinary maintenance and repair in respect of the Lease Assets. The Lessor shall be responsible for: (i) the performance of all major maintenance and structural repair; (ii) the payment of any proprietorship taxes; and (iii) insuring the Lease Assets, and the Lessee acknowledges that the Lessor will instruct the Service Agent, in accordance with the terms of the Service Agency Agreement, to perform, or to procure the performance of, the major maintenance and structural repair, the payment of any proprietorship taxes and the insurance of the Lease Assets, in each case on behalf of the Lessor.

If a Total Loss Event occurs with respect to the Lease Assets, the Lease Agreement and the Lease shall automatically terminate and the Lessor will be entitled to all insurance proceeds payable pursuant to the

Service Agency Agreement as a result of the Total Loss Event, together with any accrued and unpaid rental to the date on which the Total Loss Event occurred.

Service Agency Agreement

The Service Agency Agreement will be entered into the Closing Date by Sharjah Sukuk (2) Limited (in its capacity as Lessor) and GoS (in its capacity as Service Agent) and will be governed by English law.

Under the terms of the Service Agency Agreement, the Service Agent will be responsible on behalf of the Lessor for: (i) ensuring that the Lease Assets are properly insured; (ii) the performance of all major maintenance and structural repairs; and (iii) the payment of any proprietorship taxes charged, levied or claimed in respect of the Lease Assets. Wherever the Service Agent is to procure insurances in accordance with the terms of the Service Agency Agreement, it will use its reasonable endeavours to obtain such insurances on a *takaful* basis if such *takaful* insurance is available or is available on commercially viable terms.

Other than on the first Rental Payment Date (as defined in the Lease Agreement), the Lessor shall reimburse the Service Agent any Service Charge Amount that has been incurred on the Rental Payment Date falling at the end of the immediately following rental period in which the Service Charge Amount was incurred or, in the case of the final rental period, on the Lease End Date (as defined in the Lease Agreement).

An amount equal to the Service Charge Amount to be paid by the Service Agent (as Lessee under the Lease Agreement) to the Lessor as part of any: (i) rental; or (ii) Exercise Price under the Purchase Undertaking or the Sale and Substitution Undertaking (as the case may be) may be set-off against the Service Charge Amount to be paid by the Lessor to the Service Agent under the Service Agency Agreement.

If, following the occurrence of a Total Loss Event, the amount (if any) credited to the Transaction Account is less than the Full Reinstatement Value, the difference between such Full Reinstatement Value and the amount credited to the Transaction Account shall be the "**Total Loss Shortfall Amount**". In the event that the Service Agent fails to comply with its obligations to insure the Lease Assets for an amount at least equal to the Full Reinstatement Value and to ensure that insurance proceeds are paid into the Transaction Account within 30 days of such Total Loss Event, it shall be liable to compensate the Lessor for any Total Loss Shortfall Amount, which will be payable (in same day, freely transferable, cleared funds) directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on the Closing Date by GoS in favour of Sharjah Sukuk (2) Limited (in its capacity as Trustee) and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking and subject to the provisions contained therein, the Trustee and/or the Delegate, as the case may be, may, by exercising their rights under the Purchase Undertaking, be able to oblige GoS to purchase all of the Trustee's rights, benefits and entitlements in and to the Lease Assets on the Dissolution Date at the Exercise Price which shall be an amount in U.S. dollars equal to the aggregate of:

- (a) the outstanding face amount of the Certificates;
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts in respect of the Certificates;
- (c) without duplication or double counting, an amount equal to any accrued but unpaid Services Charge Amount; and
- (d) without duplication or double-counting, an amount representing any prior ranking claims (as described in items (i) and (ii) of Condition 6.2 (*The Trust – Application of Proceeds from Trust Assets*)) in accordance with Condition 6.2 (*The Trust – Application of Proceeds from Trust Assets*).

In order to exercise the rights granted pursuant to the Purchase Undertaking, the Trustee (or the Delegate acting on its behalf) shall deliver an Exercise Notice to GoS.

In addition, if GoS fails to pay all or part of any Exercise Price that is due in accordance with the Purchase Undertaking and provided that no Sale Agreement has been entered into, then the Lease Term shall be deemed to be extended until the Exercise Price is paid in full and GoS will agree in the Purchase Undertaking that it will irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Service Agent for the provision of the Services in respect of the Lease Assets on the terms and conditions, *mutatis mutandis*, of the Service Agency Agreement.

GoS will expressly declare in the Purchase Undertaking that:

- (a) the relevant Exercise Price represents a fair price for the purchase of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets;
- (b) it shall irrevocably and unconditionally fully accept all or any interest the Trustee may have in the Lease Assets and, accordingly, shall not dispute or challenge all or any interest the Trustee may have in any way; and
- (c) if it breaches any declaration or undertaking set out above or if it or any administrator, liquidator or receiver of it disputes or challenges the rights, benefits and entitlements of the Trustee in, to and under the Lease Assets, GoS shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the relevant Certificates and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

GoS will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and (save as set out therein) without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, GoS 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 or withholding had been made. The payment obligations of GoS under the Purchase Undertaking will be direct, unconditional, unsubordinated and unsecured obligations of GoS which rank (save for certain obligations required to be preferred by law) equally with all other secured obligations of GoS.

GoS has agreed in the Purchase Undertaking that it shall comply with the covenants more particularly described in Condition 5 (*Negative Pledge*).

Sale and Substitution Undertaking

The Sale and Substitution Undertaking will be executed as a deed on the Closing Date by Sharjah Sukuk (2) Limited (in its capacity as Trustee) in favour of GoS and will be governed by English law.

Provided there has been no Total Loss Event or Dissolution Event and subject to the Trustee being entitled to redeem the Certificates for tax reasons in accordance with Condition 14.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*), GoS may, by exercising its right under the Sale and Substitution Undertaking and serving an exercise notice on the Trustee no later than 30 days prior to the Dissolution Date, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Lease Assets at the Exercise Price. For these purposes, the Exercise Price will have the same meaning as in the Purchase Undertaking.

GoS will be able to exercise its rights under the Sale and Substitution Undertaking to effect the substitution of Lease Assets, subject to any New Assets being of a Value equal to or greater than the Value of the Substituted Assets (as defined in the Sale and Substitution Undertaking). GoS will also be able to exercise its rights under the Sale and Substitution Undertaking (following any purchase of Certificates by GoS or any subdivision of GoS pursuant to Condition 14.5 (*Capital Distributions of the Trust – Cancellations*)) to provide for the transfer of the Cancellation Assets (as defined in the Sale and Substitution Undertaking) with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased, in consideration for the cancellation of such Certificates by the Principal Paying Agent pursuant to the Conditions.

Declaration of Trust

The Declaration of Trust will be entered into by way of a deed on the Closing Date between GoS, Sharjah Sukuk (2) Limited (in its capacity as Trustee) and the Delegate and will be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates, the Declaration of Trust shall constitute the Trust declared by the Trustee in relation to the Certificates.

The Trust Assets will comprise, *inter alia*: (a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Lease Assets; (b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (excluding: (i) any representations given by GoS to the Trustee pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee or the Delegate in any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to Clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Declaration of Trust); and (c) all monies standing to the credit of the Transaction Account; and all proceeds of the foregoing, which are held by the Trustee upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the terms of the Declaration of Trust and the Conditions.

The Declaration of Trust will specify that, on or after the Dissolution Date, the rights of recourse in respect of the Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets, subject to the priority of payments set out in the Declaration of Trust, the Certificates and the Conditions. The Certificateholders have no claim or recourse against the Trustee, the Delegate, the Agents or any other person (including GoS) in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

- (a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* on an undivided basis according to the face amount of Certificates held by each such Certificateholder in accordance with the provisions of the Declaration of Trust; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Declaration of Trust.

In the Declaration of Trust, the Trustee will, by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders, irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), to exercise all of the rights of the Trustee under the Transaction Documents and the Conditions (provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this delegation). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Delegate will undertake in the Declaration of Trust that upon the occurrence of a Dissolution Event and the delivery of a Dissolution Notice by the Delegate pursuant to Condition 15 (*Dissolution Events*), to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 15 (*Dissolution Events*) and subject to Condition 16.2 (*Enforcement – Delegate not obliged to take action*), it shall (acting on behalf of Certificateholders and subject to being indemnified and/or secured and/or prefunded to its satisfaction) take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking against GoS and/or the Service Agency Agreement against the Service Agent; and/or
- (b) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

The Declaration of Trust specifies, *inter alia*, that:

- (a) upon the Certificates having been declared due and payable in accordance with the Declaration of Trust (as specified above) and the Conditions, all payments in respect of the Certificates shall be made, and all rights of the Trustee and/or the Delegate (acting on behalf of the Certificateholders) under the Transaction Documents shall be exercised;
- (b) following the enforcement, realisation of the Trust Assets and ultimate distribution of the net proceeds of the Trust Assets in respect of the Certificates to the Certificateholders in accordance with the Conditions and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and, the right of the Certificateholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any such sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including GoS, to the extent its obligations under the Transaction Documents have been satisfied) to recover any such sum or asset in respect of the Certificates or the Trust Assets. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee;
- (c) Subject to (b) above, no Certificateholder shall be entitled to proceed directly against or provide instructions to the Delegate to proceed against, the Trustee or GoS under any Transaction Document to which either of them is a party unless: (a) the Delegate fails to do so within a reasonable period of becoming so bound and such failure its continuing; and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against any of the Trustee or GoS as the case may be) holds at least one fifth of the then outstanding aggregate face amount of the Certificates. 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 and GoS shall be to enforce their respective obligations under the Transaction Documents;
- (d) without prejudice to the other provisions of the Transaction Documents (including the Conditions), neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, proceeding or step to enforce or to realise the Trust Assets or take any action against (in the case of the Delegate) the Trustee and/or GoS and (in the case of the Trustee) GoS under any Transaction Document to which either of the Trustee or GoS is a party unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least one fifth of the then outstanding aggregate face amount of the Certificates and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing provided that neither the Trustee nor the Delegate shall be liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders; and
- (e) paragraphs (b), (c) and (d) above are subject to this paragraph (e). After distributing the proceeds of the Trust Assets in accordance with Condition 6.2 (*The Trust – Application of Proceeds from Trust Assets*), the obligations of the Trustee and the Delegate in respect of such Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee or the Delegate to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee nor shall any of them have any claim in respect of the Trust Assets of any other trust established by the Trustee.

Agency Agreement

The Agency Agreement will be entered into on the Closing Date between the Trustee, GoS, the Delegate, the Principal Paying Agent, the Calculation Agent, the Registrar and the Transfer Agent.

Agency

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to complete, authenticate and deliver the Global Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums due under such Global Certificate; the Calculation Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to make all calculations and determinations in relation to amounts due under the Global Certificate; and the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Definitive Certificate and issue Definitive Certificates in accordance with each request.

Issue of Global Certificate

On the Closing Date, the Registrar will: (i) authenticate the Global Certificate in accordance with the terms of the Declaration of Trust; and (ii) deliver, on the Closing Date, the Global Certificate to the Common Depositary.

Payments

The Trustee will pay in freely transferable, cleared funds to the Transaction Account opened by the Trustee with the Principal Paying Agent, any payment which becomes due in respect of a Certificate in accordance with the Conditions.

The Principal Paying Agent will notify the Trustee and the Delegate if the Trustee has not made any payment or if it pays the full amount of any sum payable after the date specified for such payment. If the Principal Paying Agent decides in its discretion that the amounts are not sufficient to make a payment then neither the Principal Paying Agent nor any other Paying Agent is obliged to pay any sums to Certificateholders until the Principal Paying Agent has received the full amount.

The Principal Paying Agent is entitled to treat the registered holder of any Certificate as the absolute owner for all purposes.

Determinations and Notifications

The Calculation Agent shall determine any Periodic Distribution Amount payable and the applicable Periodic Distribution Date in respect of each Return Accumulation Period. The Calculation Agent shall notify the Trustee, GoS, the Delegate (if requested by it) and each Agent by facsimile of each Periodic Distribution Amount for each Return Accumulation Period and the related Periodic Distribution Date and any other amount(s) required to be determined by it together with any relevant payment date(s) as soon as practicable after the determination thereof, but in any event not later than the first date of the relevant Return Accumulation Period.

Changes in Agents

The Trustee may at any time terminate the appointment of any Agent and to appoint additional or other Agents in accordance with the Agency Agreement by giving, *inter alia*, such Agent at least 60 days' prior written notice to that effect, provided that: (a) it will at all times maintain a Principal Paying Agent and a Registrar and a Calculation Agent (which may be the same entity); (b) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and (c) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective purchasers of the Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of Certificates and receiving payments under those Certificates. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Certificates is based on the taxation law in force at the date of this Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of the Certificates and the receipt of any payments with respect to such Certificates under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in the Emirates of Sharjah legislation establishing a general corporate taxation regime (the Sharjah Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Sharjah taxation in respect of payments made by GoS and/or the Trustee under the Transaction Documents. If any such withholding or deduction is required to be made in respect of payments due by GoS under any Transaction Document to which it is party, the Trustee has undertaken in Condition 11 (*Taxation*) (failing whom, GoS) to gross-up the payments due by it accordingly. If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates: (i) the Trustee has undertaken to gross-up the payment(s) accordingly (subject to certain limited exceptions); and (ii) GoS has undertaken in the Declaration of Trust to pay such additional amounts to the Trustee to enable it to discharge such obligation.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

Although the UAE does not currently impose value added tax ("**VAT**") on the sale of goods or services, there is a possibility that this situation will not continue to be the case. On 2 June 2008, the Director General of Dubai Customs announced that his department had been studying the possibility of introducing a VAT system across the UAE and that draft laws had been submitted to the federal authorities. The federal authorities have not yet provided any details of the VAT system or confirmed a possible date of introduction.

The UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

The Cayman Islands

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Certificates under the laws of their country of citizenship, residence or domicile. The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of Periodic Distribution Amounts

and principal, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Certificates. An instrument of transfer in respect of a Certificate is stampable if executed in or brought into the Cayman Islands.

The Trustee has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and expects to obtain an undertaking from the Governor in Cabinet of the Cayman Islands that no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a 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, 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.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 25 January 2016 between the Trustee, GoS, Bank of Sharjah PJSC, Barclays Bank PLC, Commerzbank Aktiengesellschaft, Dubai Islamic Bank PJSC, HSBC Bank plc and Sharjah Islamic Bank PJSC (together, the "**Joint Lead Managers and Joint Bookrunners**") and National Bank of Abu Dhabi P.J.S.C. (the "**Co-Manager**", and together with the Joint Lead Managers and Joint Bookrunners, the "**Managers**"), the Trustee has agreed to issue and sell to the Managers U.S.\$500,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Managers have jointly and severally agreed to subscribe for the Certificates.

The Subscription Agreement provides that the obligations of the Managers to pay for and accept delivery of the Certificates are subject to the approval of certain legal matters by their counsel and certain other conditions. The Joint Lead Managers and Joint Bookrunners will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. Certain of the Joint Lead Managers and Joint Bookrunners will also be reimbursed in respect of certain of their expenses, and each of the Trustee and GoS has agreed to indemnify certain of the Managers against certain liabilities incurred in connection with the issue of the Certificates.

SELLING RESTRICTIONS

General

Each Manager has agreed 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 any Certificates or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the 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 none of the Trustee, GoS, the Delegate and any other Manager shall have any responsibility therefor.

None of the Trustee, GoS and any of the Managers represents that the 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 any such sale.

United States

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted herein, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates, as certified to the Principal Paying Agent or the Trustee by such Manager (or, in the case of a sale of Certificates to or through more than one Manager, by each of such Managers as to the Certificates purchased by or through it, in which case the Principal Paying Agent, the Trustee or GoS shall notify each such Manager when all such Managers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Manager will have sent to each Manager to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Certificates, any offer or sale of Certificates within the United States by any Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Certificate in circumstances in which section 21(1) of the FSMA does not apply to the Trustee or GoS; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (c) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "**DFSA**"); and
- (d) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module.

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 10 or Article 11 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under 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 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Manager has represented and agreed that any offer of Certificates to a Saudi Investor will comply with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Certificates, including as follows:

- (a) a Saudi Investor (referred to as a "**transferor**") who has acquired Certificates pursuant to a private placement may not offer or sell Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:
 - (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
 - (ii) the Certificates are offered or sold to a sophisticated investor; or

- (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;
- (b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals one million or an equivalent amount;
- (c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his entire holding of Certificates to one transferee; and
- (d) the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Certificates.

Kingdom of Bahrain

Each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar (excluding the Qatar Financial Centre)

Each Manager has represented and agreed that it has not offered, sold or delivered, and will not offer or sell or deliver at any time, directly or indirectly, any Certificates in the State of Qatar, except: (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (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 an offer referred to in 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 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, 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 Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 32) of Hong Kong (the "**Companies Winding Up Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Winding Up Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the 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.

Malaysia

Each Manager has represented and agreed that:

- (a) this Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia (the "**SC**") under the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**"); and
- (b) accordingly, the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and 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 SC and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals, including approval from the Controller of Foreign Exchange, to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

Cayman Islands

Each Manager has represented and agreed that no invitation, whether directly or indirectly, will be made to the public in the Cayman Islands to subscribe for the Certificates.

State of Kuwait

Each Manager has represented and agreed that the Certificates have not been licensed for offering in the State of Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Certificates in the State of Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Certificates is being made in the State of Kuwait, and no agreement relating to the sale of the Certificates will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Certificates in the State of Kuwait.

GENERAL INFORMATION

Listing of the Certificates

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and to be admitted to trading on the Main Securities Market. The listing of the Certificates is expected to be granted on or before 27 January 2016. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Application has also been made to the DFSA for the Certificates to be admitted to the DFSA Official List and to be admitted to trading on NASDAQ Dubai. The Certificates are expected to be admitted to the DFSA Official List and admitted to trading on NASDAQ Dubai on or before 27 January 2016.

Authorisation

The issuance of the Certificates has been duly authorised by a resolution of the board of directors of the Trustee dated 6 January 2016. The issuance of the Certificates and the entry by GoS into the Transaction Documents to which it is a party was duly authorised by Emiri Decree No. 57 of 2014 of the Ruler's Court of the Government of Sharjah issued on 19 August 2014. Each of the Trustee and GoS has obtained all necessary consents, approvals and authorisations in connection with the issuance of the Certificates and entry into of the Transaction Documents (as applicable) to which each is a party.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) under common code 134563583 and ISIN XS1345635830.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case since 30 November 2015, being the date of its incorporation.

Since 31 December 2014, there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade, financial position and resources and income and expenditure figures of GoS.

Litigation

The Trustee is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) which may have or have had since 30 November 2015 (being the date of incorporation of the Trustee) a significant effect on the financial position or profitability of the Trustee.

GoS has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GoS is aware) which may have or have had during the twelve months prior to the date of this Prospectus a significant effect on the financial position of GoS.

Expenses

The expenses relating to the admission to trading of the Certificates on the Main Securities Market are expected to amount to €6,970.

The expenses relating to the admission to trading of the Certificates on NASDAQ Dubai are expected to amount to U.S.\$7,000.

Third Party Information

Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as GoS and the Trustee are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Documents Available

Copies of the following documents will be available in physical format and in English to be inspected during normal business hours at the specified office for the time being of the Principal Paying Agent for the life of the Certificates from the date of this Prospectus:

- (c) the Memorandum and Articles of Association of the Trustee;
- (d) Emiri Decree No 57 of 2014 of the Ruler's Court of the Government of Sharjah;
- (e) a copy of this Prospectus; and
- (f) the Transaction Documents (copies of which will also be delivered via email (upon request) by the Principal Paying Agent).

The Trustee is not required to, and does not intend to, publish any annual financial or interim financial statements.

The Prospectus is available for viewing on the website of the Central Bank of Ireland (<http://www.centralbank.ie>) and the website of the DFSA (<http://www.dfsa.ae>).

***Shari'a* Approvals**

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Shariah Committee of HSBC Saudi Arabia Limited and the Fatwa and *Shari'a* Supervisory Board of Sharjah Islamic Bank PJSC. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals is in compliance with *Shari'a* principles.

Managers transacting with the Trustee or GoS

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Trustee or GoS and in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

ISSUER AND TRUSTEE

Sharjah Sukuk (2) Limited
c/o Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

**GOVERNMENT OF SHARJAH, SELLER
AND SERVICE AGENT**

**The Government of the Emirate of Sharjah
acting through Sharjah Finance Department**
Al Layyeh Suburb
P.O. Box 201
Sharjah
United Arab Emirates

DELEGATE

HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London E14 5HQ
England

**PRINCIPAL PAYING AGENT AND
CALCULATION AGENT**

HSBC Bank plc
8 Canada Square
London E14 5HQ
England

REGISTRAR AND TRANSFER AGENT

HSBC Bank plc
8 Canada Square
London E14 5HQ
England

LEGAL ADVISERS

To GoS as to English and UAE law

White & Case LLP
8th Floor, Office No. 801
Capricorn Tower
Sheikh Zayed Road
P.O. Box 9705
Dubai
United Arab Emirates

To the Managers as to English and UAE law

Clifford Chance LLP
Level 15
Burj Daman
Dubai International Financial Centre
P.O. Box 9380
Dubai
United Arab Emirates

To the Delegate as to English law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Trustee as to Cayman Islands law

Maples and Calder (Dubai) LLP
The Exchange Building, 5th Floor
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Dubai
United Arab Emirates

GLOBAL COORDINATOR

HSBC Bank plc
8 Canada Square
London E14 5HQ
England

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

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Sharjah
United Arab Emirates

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England

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Sharjah
United Arab Emirates

CO-MANAGER

National Bank of Abu Dhabi P.J.S.C.
One NBAD Tower
Sheikh Khalifa Street
P.O. Box 4
Abu Dhabi
United Arab Emirates

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland