IMPORTANT NOTICE

THIS BASE PROSPECTUS IS AVAILABLE ONLY TO: (1) QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW); OR (2) CERTAIN PERSONS OUTSIDE OF THE U.S.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THIS BASE PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTIONS AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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

Confirmation of your Representation: In order to be eligible to view this base prospectus or make an investment decision with respect to the securities, investors must be either: (1) Qualified Institutional Buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act); or (2) persons outside the U.S. This base prospectus is being sent at your request and by accepting the e-mail and accessing this base prospectus, you shall be deemed to have represented to us, the Issuer, TDIC, the Arrangers and the Dealers that: (1) you and any customers you represent are either: (a) QIBs; or (b) persons outside the U.S.; (2) unless you are a QIB, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S.; (3) you are a person who is permitted under applicable law and regulation to receive this base prospectus; and (4) you consent to delivery of such base prospectus by electronic transmission.

You are reminded that this base prospectus has been delivered to you on the basis that you are a person into whose possession this base prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this base prospectus to any other person.

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

This base prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, TDIC, the Arrangers or Dealers nor any person who controls them nor any director, officer, employee nor agent of them nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the base prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, TDIC, the Arrangers and Dealers. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this email is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BASE PROSPECTUS

TDIC FINANCE LIMITED

(an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law (2010 Revision))

U.S.$3,000,000,000

Global Medium Term Note Programme
unconditionally and irrevocably guaranteed by

TOURISM DEVELOPMENT & INVESTMENT COMPANY P.J.S.C.

(incorporated with limited liability in the Emirate of Abu Dhabi, United Arab Emirates)

Under this Global Medium Term Note Programme (the "**Programme**"), TDIC Finance Limited (the "**Issuer**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Tourism Development & Investment Company P.J.S.C. ("**TDIC**" or the "**Guarantor**").

Notes may be issued in bearer or registered form (respectively, "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$3,000,000,000 (or its equivalent in other currencies calculated as provided in the Dealer Agreement described herein), subject to increase as described herein.

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

An investment in Notes issued under the Programme involves certain risks. For a discussion of the principal risk factors that may affect the abilities of the Issuer and TDIC to fulfil their respective obligations under the Notes, see "*Risk Factors*" beginning on page 13.

Application has been made to the United Kingdom Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**FSMA**") (the "**U.K. Listing Authority**") for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the U.K. Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's regulated market (the "**Regulated Market**"). References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purpose of the Markets in Financial Instruments Directive 2004/39/EC.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the U.K. Listing Authority and the London Stock Exchange.

The Programme provides that Notes may be listed and/or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, TDIC and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Neither the Notes nor the guarantee of the Notes (the "**Guarantee**") have been or will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in 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**")) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Registered Notes are subject to certain restrictions on transfer. See "*Subscription and Sale and Transfer and Selling Restrictions*".

The Issuer and TDIC may agree with any Dealer(s) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The rating of certain Series (as defined under "*Overview of the Programme*") of Notes to be issued under the Programme may be specified in the Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms. Each of Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service Ltd. ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**") has rated TDIC. TDIC has been assigned ratings of A1 (stable outlook) by Moody's and AA (stable outlook) by Fitch and S&P. See "*Business Description of TDIC – Overview*" on page 127. For further information on credit rating agencies see page (viii) of this Base Prospectus.

Arrangers

BNP PARIBAS | **HSBC** | **National Bank of Abu Dhabi** | **Standard Chartered Bank** | **The Royal Bank of Scotland**

Dealers

Abu Dhabi Commercial Bank
BNP PARIBAS
HSBC
National Bank of Abu Dhabi
Standard Chartered Bank
The Royal Bank of Scotland

The date of this Base Prospectus is 29 June 2011


Desert Islands Resort & Spa


Qasr Al Sarab Desert Resort


St. Regis Saadiyat Resort


Jawaher Al Saadiyat


Saadiyat Beach Villas


Eastern Mangroves


The Residences at The St. Regis


Monte Carlo Beach Club, Saadiyat


The Westin Abu Dhabi Golf Resort & Spa


Rocco Forte Hotel Abu Dhabi

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") and for the purpose of giving information with regard to the Issuer, TDIC, TDIC and its subsidiaries and affiliates taken as a whole (the "Group") and the Notes which, according to the particular nature of the Issuer, TDIC, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, TDIC and the Group.

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

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

Subject as provided in the Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the Final Terms as the relevant Dealer(s) or the Managers (as defined in the Final Terms), as the case may be.

Copies of the Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Issuing and Paying Agent (as defined below).

Certain information under the headings "*Risk Factors*", "*Overview of the U.A.E. and Abu Dhabi*", "*The Abu Dhabi Government's Development Strategy*", "*Industry Overview*", "*Relationship with the Government*" and "*Book-Entry Clearance Systems*" has been extracted from the following public sources:

- **information provided by the Organisation of the Petroleum Exporting Countries ("OPEC") (in the case of "*Risk Factors*" and "*Overview of the U.A.E. and Abu Dhabi*");**
- **publications of the U.A.E. and Abu Dhabi governments and their ministries and departments, including the Abu Dhabi Statistics Centre and the U.A.E. National Bureau of Statistics (in the case of "*Overview of the U.A.E. and Abu Dhabi*" and "*The Abu Dhabi Government's Development Strategy*");**
- **information provided by Abu Dhabi National Oil Company ("ADNOC"), the International Monetary Fund ("IMF") and the U.A.E. Central Bank (in the case of "*Overview of the U.A.E. and Abu Dhabi*");**
- **research published by Jones Lang LaSalle (in the case of "*Industry Overview*"); and**
- **the clearing systems referred to herein (in the case of "*Book-Entry Clearance Systems*").**

Each of the Issuer and TDIC 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.

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

To the fullest extent permitted by law, none of the Arrangers or the Dealers accept any responsibility for the contents of this Base Prospectus, or for any other statement made or purported to be made by any Arranger or Dealer or on its behalf in connection with the Issuer, TDIC, the Programme or the issue and offering of the Notes. Further, none of the Arrangers or Dealers have independently verified the information contained herein. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the Programme or any Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, TDIC, the Trustee or any of the Arrangers or Dealers that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or TDIC.

Neither the delivery of this Base Prospectus, any Final Terms nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or TDIC is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or TDIC throughout the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

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

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus

Directive, in each case, in relation to such offer and neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as agreed between the Issuer, TDIC and the relevant Dealer(s) as at the date of issue of the Notes).

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

None of the Dealers, the Arrangers, the Issuer, TDIC or the Trustee makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of any Notes.

U.S. INFORMATION

This Base Prospectus has been prepared by the Issuer and TDIC for use in connection with the offer and sale of the Notes outside the United States of America and for the resale of the Notes in the United States of America. The Issuer, the Arrangers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States of America other than a "*qualified institutional buyer*" ("QIB") within the meaning of Rule 144A under the Securities Act ("Rule 144A") to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Base Prospectus by any non-U.S. person outside the United States of America or by any QIB in the United States of America to any other person within the United States of America other than a QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer and TDIC of any of its contents to any such person within the United States of America, other than a QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

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

Registered Notes may be offered or sold within the United States of America only to QIBs within the meaning of Rule 144A in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

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

Each purchaser or holder of Notes represented by a Restricted Global Note Certificate or any Notes issued in registered form in exchange or substitution therefor (together "Legended Notes") will be

required or deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes, as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Summary of Provisions relating to the Notes while in Global Form*".

AVAILABLE INFORMATION

Each of the Issuer and TDIC has agreed that for so long as any Notes are "*restricted securities*" within the meaning of Rule 144(a)(3) under the Securities Act, it will furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, either the Issuer or TDIC is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law (2010 Revision) and all or a substantial portion of the assets of the Issuer are located outside the United States of America. As a result, it may not be possible for investors to effect service of process upon the Issuer within the United States of America (or in any country outside of the Cayman Islands), or to enforce judgments against it obtained in courts within the United States of America (or in any country outside of the Cayman Islands) predicated upon civil liabilities of the Issuer under laws other than Cayman Islands law, including any judgment predicated upon United States of America federal securities laws or the securities laws of any state or territory within the United States of America.

TDIC is a Public Joint Stock Company established under the laws of the United Arab Emirates and all or a substantial portion of the assets of TDIC are located outside the United States of America. As a result, it may not be possible for investors to effect service of process upon TDIC within the United States of America (or in any country outside of the United Arab Emirates) or to enforce judgments against it obtained in courts within the United States of America (or in any country outside of the United Arab Emirates) predicated upon civil liabilities of TDIC under laws other than United Arab Emirates law, including any judgment predicated upon United States of America federal securities laws or the securities laws of any state or territory within the United States of America.

The Notes and the Guarantee are governed by English law and disputes in respect of them may be settled under the Arbitration Rules of the London Court of International Arbitration in London, England (the "LCIA Rules"). In addition, actions in respect of the Notes and the Guarantee may be brought in the English courts in accordance with the terms of the Trust Deed (as defined herein). See "*Risk Factors – Risks Relating to Enforcement – Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Abu Dhabi*".

In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the United Arab Emirates courts are unlikely to enforce an English 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 Notes or the Guarantee. Investors may have difficulties in enforcing any English judgments or arbitration awards against the Issuer or TDIC in the courts of the United Arab Emirates. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with Abu Dhabi law, applicable federal law of the United Arab Emirates and public policy. Moreover, judicial precedent in Abu Dhabi or the United Arab Emirates has no binding effect on subsequent decisions and there is no formal system of reporting court decisions in Abu Dhabi or the United Arab Emirates. These factors create greater judicial

uncertainty than would be expected in certain other jurisdictions. See "*Risk Factors – Risks Relating to Enforcement – Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Abu Dhabi*".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO BAHRAIN RESIDENTS

The Central Bank of Bahrain and the Bahrain Stock Exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Base Prospectus. Each potential investor resident in the Kingdom of Bahrain intending to subscribe Notes (each, a "potential investor") may be required to provide satisfactory evidence of identity and, if so required, the source of funds to purchase Notes within a reasonable time period determined by the Issuer, TDIC and the relevant Dealer(s). Pending the provision of such evidence, an application to subscribe for Notes will be postponed. If a potential investor fails to provide satisfactory evidence within the time specified, or if a potential investor provides evidence but none of the Issuer, TDIC or the relevant Dealer(s) are satisfied therewith, its application to subscribe for Notes may be rejected in which event any money received by way of application will be returned to the potential investor (without any additional amount added thereto and at the risk and expense of such potential investor). In respect of any potential investors, the Issuer and TDIC will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Order No. (7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering.

KINGDOM OF SAUDI ARABIA NOTICE

This Base 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 Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

CAYMAN ISLANDS NOTICE

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the Notes and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Notes.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Base Prospectus is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the State of Qatar. The Notes have not been and will not be registered with the Qatar Exchange, the Qatar Financial Markets Authority, the Qatar Central Bank or with any other authority pursuant to any laws, regulations and rules in the State of Qatar. The Notes and interests therein will not be offered or sold in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (5) of 2002 or any other laws of the State of Qatar.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Since its date of incorporation, no financial statements of the Issuer have been prepared.

TDIC prepared its audited consolidated financial statements as at and for the financial years ended 31 December 2010 (including the comparative information as at and for the financial year ended 31 December 2009) (the "**2010 Financial Statements**") and 31 December 2009 (including the comparative information as at and for the financial year ended 31 December 2008) (the "**2009 Financial Statements**" and, together with the 2010 Financial Statements, the "**Financial Statements**"), in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

Unless otherwise stated herein:

- all financial information as at and for the years ended 31 December 2010 and 31 December 2009 has been extracted from the 2010 Financial Statements; and
- all financial information as at and for the year ended 31 December 2008 has been extracted from the 2009 Financial Statements.

Presentation of Statistical Information

Certain statistical information in this Base Prospectus has been derived from a number of different identified sources.

The statistical information in the section entitled "*Overview of the U.A.E. and Abu Dhabi*" has been derived from a number of different identified sources. All statistical information provided in that section may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. The data set out in that section relating to Abu Dhabi's gross domestic product ("**GDP**") for 2009 is preliminary and subject to change. In addition, GDP data for 2008 is not final and may be subject to revision in future periods and certain other historical GDP data set out in that section may also be subject to future adjustment.

Reflecting continuing efforts to improve the quality of the statistics prepared in Abu Dhabi and the U.A.E., the Abu Dhabi Statistics Centre has recently made significant revisions to the calculation of both GDP and inflation statistics for Abu Dhabi, as further described below.

Abu Dhabi's nominal GDP data was significantly revised in 2008 following an economic survey having been conducted for the first time in that year with a view to quantifying more accurately Abu Dhabi's nominal GDP for 2007. As a result of this survey, Abu Dhabi's estimated nominal GDP data for 2007 was recalculated as was the data for prior years in line with the 2007 recalculation. Abu Dhabi's nominal GDP data for 2008 is based on the outcome of an economic survey conducted in 2009 but its 2009 nominal GDP data is estimated pending the results of the 2010 economic survey being collated.

The methodology used for calculating the consumer price index in Abu Dhabi for 2006 and 2007 was amended in conjunction with the IMF and as part of a wider project aimed at significantly improving the quality and timeliness of the U.A.E.'s statistical data. In addition, using data obtained from a household income and expenditure survey that was carried out in Abu Dhabi in 2007 and 2008, ten years after the previous such survey, the Abu Dhabi consumer price index was re-based to 100 in 2007 and the inflation basket in Abu Dhabi was revised to comprise twelve groupings from the previous eight.

In this connection, the GDP data for the U.A.E. as a whole, prepared by the U.A.E. National Bureau of Statistics, may be less accurate to the extent that similar adjustments have not been made in the preparation of GDP data for the other emirates.

Certain Defined Terms

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

- references to "**Abu Dhabi**" herein are to the Emirate of Abu Dhabi;
- references to an "**Emiri Decree**" herein are to a law of Abu Dhabi;
- references to the "**Government**" herein are to the government of Abu Dhabi; and
- references to the "**U.A.E.**" herein are to the United Arab Emirates.

Certain Conventions

Certain figures and percentages included in this Base 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 Base 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 "**euro**" and "**€**" are to the currency introduced at the start of the third stage of the Treaty on the functioning of the European Community, as amended; references to "**£**", "**Pounds Sterling**" and "**Sterling**" are to the legal currency for the time being of the United Kingdom; and all references to "**dirham**" and "**AED**" refer to U.A.E. dirham being the legal currency for the time being of the U.A.E. 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.

References to "**the date of this Base Prospectus**" are references to the date of the most recently published supplement to this Base Prospectus and references to a "**billion**" are to a thousand million.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words "**anticipate**", "**believe**", "**expect**", "**plan**", "**intend**", "**targets**", "**aims**", "**estimate**", "**project**", "**will**", "**would**", "**may**", "**could**", "**continue**" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding TDIC's financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause TDIC's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding TDIC's present and future business strategies and the environment in which TDIC expects to operate in the future. Important factors that could cause TDIC's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors referenced in this Base Prospectus:

- TDIC's ability to secure significant financing from the Government to fund its existing and future developments;
- TDIC's ability to achieve and manage the growth of its business;
- TDIC's ability to realise the benefits it expects from its existing and future projects;
- changes in political, social, legal or economic conditions in the markets in which TDIC operates;
- greater than anticipated competitive activity, from both existing competitors and new market entrants; and
- the performance of the markets in Abu Dhabi in which TDIC operates.

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

Any forward-looking statements speak only as at the date of this Base Prospectus and TDIC expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this Base Prospectus to reflect any change in TDIC's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, TDIC cannot guarantee that projected results or events will be achieved and cautions potential investors not to place undue reliance on these statements.

CREDIT RATING AGENCIES

Each of Fitch, Moody's and S&P has rated TDIC and Abu Dhabi and Moody's has also rated the U.A.E., see pages 21, 85 and 129.

Fitch, Moody's and S&P are established in the European Union and have applied for registration under the CRA Regulation, although notification of the corresponding registration decisions have not yet been provided by the relevant competent authority.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer and TDIC shall be required to prepare a supplementary prospectus pursuant to Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**"), the Issuer and TDIC will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official

List and admitted to trading on the Regulated Market, shall constitute a supplementary prospectus as required by the U.K. Listing Authority and Section 87G of the FSMA.

Each of the Issuer and TDIC has given an undertaking to the Arrangers and Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and TDIC, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to the Arrangers and each Dealer such number of copies of such supplement hereto as such Arranger and/or Dealer may reasonably request.

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche of Notes and sixty (60) days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF TDIC

The following overview is qualified in its entirety by, and is subject to, the more detailed information and Financial Statements contained or referred to elsewhere in this Base Prospectus, including the sections "Relationship with the Government", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business Description of TDIC" and "Management". To understand the terms of the Notes, investors should carefully read the sections of this Base Prospectus entitled "Terms and Conditions of the Notes" and the risks of investing in the Notes under "Risk Factors" and the Final Terms.

Overview

TDIC was established in October 2005 as a wholly owned subsidiary of the Abu Dhabi Tourism Authority (the "**ADTA**"), the Government authority mandated to support the Government's vision of economic diversification in Abu Dhabi through tourism development. Formed as a separate corporate entity, TDIC is mandated to implement the strategy of ADTA, through its master development of infrastructure, cultural, hospitality, leisure, commercial/mixed-use and residential projects that enhance Abu Dhabi's high-end tourism market. TDIC has already been instructed by the Government to work on several of the most prominent and strategic projects encompassed in the Abu Dhabi Economic Vision 2030 (the "**2030 Economic Vision**"), including the development of Saadiyat and the Desert Islands.

TDIC currently has 69 projects under various phases of design and development. As of 31 December 2010, TDIC had budgeted consolidated total capital costs of over AED 56 billion for the 2010-2015 period, of which consolidated capital costs of AED 18.3 billion had been spent as of 31 December 2010.

As at 31 December 2010, TDIC's consolidated assets were AED 39.4 billion. As at 31 December 2010, TDIC had a total of 678 employees.

Management

TDIC benefits from an experienced Board of Directors. The Chairman of the Board of Directors of ADTA and TDIC, H.H. Sheikh Sultan bin Tahnoon Al Nahyan, is also a member of the Executive Council. Other members of TDIC's Board of Directors include board members of other significant Government-owned companies and institutions, including, amongst others, Abu Dhabi Airports Company, Abu Dhabi Authority for Culture and Heritage, Abu Dhabi National Exhibitions Company, Abu Dhabi Investment Authority ("**ADIA**"), ADTA, Emirates Telecommunications Corporation, Etihad Airways, General Holding Company and Waha Capital. In addition, one of TDIC's directors has been appointed by decree as the General Manager of the Municipality of Abu Dhabi. See "*Management – Members of the Board of Directors*".

Relationship with the Government

Since its establishment, TDIC has received significant capital contributions from the Government. From TDIC's inception to 31 December 2010, Government contributions consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100 million and contributions of land and other assets of AED 18.6 billion), monetary grants of AED 4.4 billion and Government loans of AED 3.6 billion. As of the date of this Base Prospectus, the Government has committed an additional AED 75 million for further investment in Sir Bani Yas Island which has not yet been received by TDIC. TDIC also expects to receive significant additional financial support from the Government in the future for certain other projects.

TDIC believes that the Government views its stake in TDIC as a long-term investment. TDIC has not paid any dividends to the Government to date, nor is TDIC aware of any plans by the Government to make such a request in the foreseeable future.

The Government's support for TDIC was affirmed in a statement made by the Abu Dhabi Department of Finance on 5 March 2010. See "*Relationship with the Government – Government statement of support for TDIC*".

Strategy

TDIC intends to enhance its competitive position by pursuing, amongst other things, the following key strategies:

- leveraging TDIC's position as the Government's trusted partner for development projects;
- successfully executing world-class projects to further establish Abu Dhabi's position as a premier international tourist destination;
- continuing to build execution capacity and enhancing TDIC's team through strategic growth; and
- continuing to develop existing strategic relationships and to seek new strategic relationships.

Competitive Strengths

TDIC believes its business is characterised by the following key competitive strengths:

- TDIC is closely tied to the Government and benefits from its support;
- TDIC has a Government mandate for the master planning of Saadiyat and a successful track record for project design and development;
- as a master developer with a strong pipeline of projects, TDIC has significant flexibility to phase, manage and control the construction and release of its projects;
- TDIC benefits from strong strategic relationships and the ability to leverage off these key relationships; and
- TDIC benefits from a dedicated and experienced management team.

Risk Factors

The material risks associated with the business in which TDIC operates and any investment in an issue of the Notes are discussed under "*Risk Factors*". Prospective investors should review these carefully prior to making any decision to invest in an issue of Notes.

TDIC's registered office is P.O. Box 126888, Abu Dhabi, U.A.E. TDIC's website address is www.tdic.ae. The information contained in TDIC's website is not incorporated by reference into, or otherwise included in, this Base Prospectus.

See "*Risk Factors*", "*Relationship with the Government*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Business Description of TDIC*" and "*Management*".

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the Final Terms. The Issuer, TDIC and any relevant Dealer(s) may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of listed Notes only and, if appropriate, a new Base Prospectus or a supplement to the Base Prospectus will be published.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

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

Issuer:	TDIC Finance Limited is an exempted company with limited liability incorporated in the Cayman Islands in accordance with the Companies Law (2010 Revision) of the Cayman Islands on 11 June 2009 with registration number 227113, having its registered office at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Issuer is a special purpose entity which is a wholly owned subsidiary of TDIC and which has been established to raise capital by the issue of Notes. See "*Description of the Issuer*".
TDIC or the Guarantor:	TDIC is a Public Joint Stock Company established under the laws of the U.A.E. on 25 October 2005 and established under Law No. 12 of 2005, having its registered office at P.O. Box 126888, Abu Dhabi, U.A.E. See "*Business Description of TDIC*". TDIC is a wholly owned subsidiary of ADTA, a Government authority mandated to support the Government's vision of economic diversification in Abu Dhabi through tourism development. See "*The Abu Dhabi Government's Development Strategy*", "*Relationship with the Government*" and "*Shareholder and Related Party Transactions*". The payment of amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by TDIC.
Description:	Guaranteed Global Medium Term Note Programme.
Initial Programme Amount:	Up to U.S.$3,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) aggregate nominal amount of Notes outstanding at any time. The Issuer and TDIC may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and TDIC's ability to fulfil its obligations under the Guarantee.

	In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of a particular Series of Notes and certain market risks. See "*Risk Factors*".
Arrangers:	BNP Paribas, HSBC Bank plc, National Bank of Abu Dhabi P.J.S.C., Standard Chartered Bank and The Royal Bank of Scotland plc.
Dealers:	Abu Dhabi Commercial Bank P.J.S.C., BNP Paribas, HSBC Bank plc, National Bank of Abu Dhabi P.J.S.C., Standard Chartered Bank and The Royal Bank of Scotland plc and any other Dealer(s) appointed from time to time in accordance with the terms of the Dealer Agreement or in relation to a particular Tranche of Notes.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time, including the following restrictions applicable at the date of this Base Prospectus: **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA, unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies. See "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions – United Kingdom*". **Bearer Notes** The Notes in bearer form are subject to certain restrictions on transfer. See "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".
Trustee:	Deutsche Trustee Company Limited.
Issuing and Paying Agent:	Deutsche Bank AG, London Branch.
Registrar and Transfer Agent for the Registered Notes (other than Registered Notes cleared through DTC):	Deutsche Bank Luxembourg S.A.
Paying Agent, Registrar and Transfer Agent for Notes cleared through DTC:	Deutsche Bank Trust Company Americas.

Exchange Agent:	Deutsche Bank AG, London Branch.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Issuance in Series:	Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable final terms (the "**Final Terms**").
Form of Notes:	The Notes will be issued in bearer or registered form. Bearer Notes will be initially represented in the form of a temporary global note (a "**Temporary Bearer Global Note**") or if so specified in the Final Terms, a permanent global note (a "**Permanent Bearer Global Note**" and, together with the Temporary Bearer Global Note, the "**Global Notes**"). Registered Notes offered and sold in reliance on Regulation S ("**Unrestricted Notes**") will be initially represented by a global note certificate in registered form (an "**Unrestricted Global Note Certificate**"). Registered Notes sold in private transactions to QIBs within the meaning of Rule 144A ("**Restricted Notes**") will be represented by a global note certificate in registered form (a "**Restricted Global Note Certificate**" and, together with the Unrestricted Global Note Certificates, the "**Global Note Certificates**"). Bearer Notes may be exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") but Registered Notes will not be exchangeable for Bearer Notes. Notes offered in the United States of America or to, or for the account or benefit of, U.S. persons will only be issued in registered form. See "*Terms and Conditions of the Notes*" and "*Summary of Provisions relating to the Notes while in Global Form*".
Currencies:	Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer, TDIC and the relevant Dealer(s). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer, TDIC and the relevant Dealer(s) and as specified in the Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*– Certain Restrictions: Notes having a maturity of less than one year*" above) and save that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as at the date of the issue of the Notes). Unless otherwise stated in the Final Terms, the minimum denomination of each Note which may be purchased by a QIB pursuant to Rule 144A will be U.S.$250,000 or its approximate equivalent in other Specified Currencies.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer, TDIC and the relevant Dealer(s), and as specified in the Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the Final Terms. The price and amount of Notes to be issued will be determined by the Issuer, TDIC and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding. See Condition 3 (*Guarantee and Status*).
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed by TDIC. The obligations of TDIC under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of TDIC and (save for certain obligations

	required to be preferred by law) will rank equally with all other unsecured obligations (other than subordinated obligations, if any) of TDIC from time to time outstanding. See Condition 3 (*Guarantee and Status*).
Clearing Systems:	In the case of Global Notes: (i) Euroclear and Clearstream, Luxembourg; and/or (ii) as agreed between the Issuer, TDIC (if applicable) and the relevant Dealer(s), as specified in the Final Terms. In the case of Global Note Certificates: (i) Euroclear and Clearstream, Luxembourg; (ii) the Depository Trust Company ("**DTC**"); and/or (iii) as agreed between the Issuer, TDIC (if applicable) and the relevant Dealer(s), as specified in the Final Terms.
Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Note Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and/or DTC (as applicable). Global Notes or Global Note Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system, provided that, the method of such delivery has been agreed in advance by the Issuer, TDIC, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Final Terms. Interest on Fixed Rate Notes in bearer form will only be payable outside the United States of America and its possessions, subject to Condition 7(c) (*Payments and Talons – Payments in the United States*).
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

	(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Final Terms. Interest Periods will be specified in the Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes. Interest on Floating Rate Notes in bearer form will only be payable outside the United States of America and its possessions, subject to Condition 7(c) (*Payments and Talons – Payments in the United States*).
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree. Interest on Dual Currency Notes in bearer form will only be payable outside the United States of America and its possessions, subject to Condition 7(c) (*Payments and Talons – Payments in the United States*).
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree. Interest on Index Linked Notes in bearer form will only be payable outside the United States of America and its possessions, subject to Condition 7(c) (*Payments and Talons – Payments in the United States*).
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s). All such information will be set out in the Final Terms.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer and the relevant Dealer(s) may agree to issue under the Programme will be set out in the Final Terms and a supplementary prospectus (if applicable).
Redemption Amount:	The Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Pounds Sterling) which have a maturity of

	less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Redemption at the Option of the Issuer:	The Final Terms will indicate whether the relevant Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and, if so, the terms applicable to such redemption.
Redemption at the Option of Noteholders:	The Final Terms will indicate whether the relevant Notes may be redeemed prior to their stated maturity at the option of Noteholders (either in whole or in part) and, if so, the terms applicable to such redemption.
Redemption following a Change of Control:	Unless the Final Terms state otherwise, the Notes may be redeemed prior to their stated maturity at the option of the Noteholders if a Change of Control occurs. See Condition 6(e) (*Redemption, Purchase and Options – Redemption at the Option of Noteholders*).
Early Redemption:	Except as provided in "– *Redemption at the Option of the Issuer*", Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*).
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4 (*Negative Pledge*).
Cross-Default:	The terms of the Notes will contain a cross-default provision as further described in Condition 10(c) (*Events of Default – Cross-Default*).
Taxation:	All payments of principal and interest in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Cayman Islands or the U.A.E. as provided in Condition 8 (*Taxation*). In the event that any such deduction is made, the Issuer, or, as the case may be, TDIC will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts as would have been paid had no such deduction or withholding been required.
Rating:	The rating of certain Series of the Notes to be issued under the Programme may be specified in the Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

	A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.
ERISA:	Unless otherwise stated in the Final Terms, "employee benefit plans" subject to and as defined in Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"); "plans" subject to and as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"); and any entity whose underlying assets include the assets of any such employee benefit plan or plan for the purposes of ERISA or the Code, generally are not permitted to purchase or hold Notes (or any interest therein). See "*Certain ERISA Considerations*".
Governing Law:	The Notes, the Dealer Agreement, the Trust Deed (incorporating the Guarantee) and the Agency Agreement, and any non-contractual obligations arising out of or in connection with the Notes, the Dealer Agreement, the Trust Deed (incorporating the Guarantee) and the Agency Agreement, as the case may be, will be governed by, and construed in accordance with English law.
Listing and Admission to Trading:	Application has been made to the U.K. Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Regulated Market. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, TDIC and the relevant Dealer(s) in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the Cayman Islands, the Dubai International Financial Centre, the European Economic Area, Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Singapore, the State of Qatar, the U.A.E. (excluding the Dubai International Financial Centre), the United Kingdom, the United States of America and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*" and "*Certain ERISA Considerations*".
United States Selling Restrictions:	Regulation S, Category 2. Rule 144A and Section 4(2) (if so specified in the Final Terms). TEFRA C, TEFRA D or TEFRA not applicable as specified in the Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

The Terms and Conditions of the Notes contained on pages 33 to 49 (inclusive) in the base prospectus dated 24 June 2009 prepared by the Issuer in connection with the Programme and which have previously been published and have been filed with the United Kingdom Financial Services Authority shall be incorporated in, and form part of, this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

RISK FACTORS

Any investment in the Notes is subject to a number of risks and uncertainties. Before making any investment decision, prospective investors should consider carefully the risks and uncertainties associated with TDIC's business and any investment in the Notes, together with all of the information that is included in this Base Prospectus and should form their own view before making an investment decision with respect to any Notes. In particular, prospective investors should evaluate the risks and uncertainties referred to or described below, which may have a material adverse effect on TDIC's business, financial condition, results of operations or prospects. Should one or more of the following events or circumstances occur at the same time or separately, the value of the Notes could decline and an investor might lose part or all of its investment.

TDIC believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer's or, as the case may be, TDIC's inability to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and TDIC does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks not presently known to TDIC or that TDIC currently deems immaterial may also impair TDIC's business operations.

This Base Prospectus also contains forward-looking statements that involve risks and uncertainties. TDIC's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by TDIC described below and elsewhere in this Base Prospectus. See "Cautionary Statement Regarding Forward-Looking Statements".

Risks Relating to TDIC's Business

TDIC has significant funding requirements and is currently reliant on the Government for a major part of its funding

To date, TDIC has required, and anticipates that it will continue to require, significant funding to finance its committed and anticipated capital expenditures to support the future growth of its business and/or to refinance existing obligations. Although TDIC intends to finance its commercial projects in the future primarily through internally generated cash flow and commercial borrowings, TDIC operated at losses of, respectively, AED 1.2 billion, AED 551 million and AED 368.6 million for the years ended 31 December 2010, 2009 and 2008. As a result, TDIC has historically relied substantially on Government monetary grants to meet its general funding requirements and has, in particular, relied on Government monetary grants to fund its strategic and/or non-commercial projects such as those related to infrastructure and culture as well as certain commercial projects which require significant infrastructure investment. TDIC anticipates that it will continue to rely substantially on such Government monetary grants and other forms of Government financial support in the future, as it expects to continue operating at a loss in the near term. For more information on the financial support TDIC receives from the Government, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview – Financial Support from the Government*". From inception to 31 December 2010, Government contributions have consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100 million and contributions of land and other assets of AED 18.6 billion), monetary grants of AED 4.4 billion and Government loans of AED 3.6 billion.

While the Government has historically provided adequate monetary grants to TDIC to support its strategic and/or non-commercial projects, the Government is not legally obliged to fund any of TDIC's projects and accordingly may choose not do so, even if the Government has previously approved the proposed budget for the project concerned. Accordingly, there can be no guarantee that TDIC will continue to receive adequate financial support from the Government. In the event that the Government does not provide financial support for TDIC's projects, it is unlikely that TDIC will be able to obtain commercial funding, on acceptable terms or at all, to meet its financing requirements. In addition, TDIC's commercial projects have historically been funded by commercial debt. As at 31 December 2010, TDIC had AED 10.5 billion of commercial debt outstanding. TDIC recognised revenue from its commercial projects of AED 347.2 million, AED 235.1 million and AED 435.6 million for the financial years ended 31 December 2010, 2009 and 2008, respectively. For more information on TDIC's commercial projects, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview – Strategic and Commercial Projects*". Any delays in construction or other adverse developments relating to commercial projects or realisation of leasing and sales in relation to these projects could affect TDIC's ability to repay its commercial debt based on these sources of cash flow and to finance ongoing and future commercial projects. There can be no assurance that the Government would assist the Group in repaying or refinancing any of its commercial debt. Furthermore, potential investors should note that the Government is not guaranteeing any of the Issuer's or TDIC's obligations in respect of the Notes or, as the case may be, the Guarantee and, accordingly, Noteholders do not benefit from any legally enforceable claim against the Government.

In the event that TDIC does not receive adequate financial support from the Government, TDIC's business, financial condition, results of operations and cash flows could be materially adversely affected and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

The Government may alter its overall development strategy or its relationship with TDIC

Although TDIC is recognised in the 2007-08 Policy Agenda (the "**Policy Agenda**") as the entity responsible for the development of many of the assets in Abu Dhabi that are being constructed to meet expected tourist demand, the Government could alter the scope of the Policy Agenda or, for any reason, appoint a different entity to implement aspects of TDIC's projects or the Policy Agenda relating to tourism development or infrastructure in Abu Dhabi or otherwise. See "*The Abu Dhabi Government's Development Strategy*". Any such action by the Government could, amongst other things, limit TDIC's mandate for current or future development projects, limit the amount of land grants TDIC receives from the Government and/or lead the Government to reclaim or expropriate land or other assets previously granted to TDIC. In addition, changes in the Government's strategy or relationship with TDIC could impact the Government's funding of TDIC's operations. See *"– TDIC has significant funding requirements and is currently reliant on the Government for a major part of its funding"* above. Any one of these factors could have a material adverse effect on TDIC's business, financial condition, results of operations and cash flows and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

The Government may have other financing obligations, which could affect the amount of financing available to TDIC

In the past, the Government has provided financial support to companies such as TDIC in which it has ownership interests and other systemically important entities. Examples of such support include the Government's AED 16 billion in capital injections to five major banks in Abu Dhabi in February 2009. Although it has no legal obligation to do so, the Government may also choose to provide financial support to other Government-owned companies or other companies deemed important by the Government if they are faced with difficulties that threaten the reputation or economic health of Abu Dhabi or the U.A.E. Such support could be significant and may limit the amount of financing the Government extends to TDIC, which could have a material adverse effect on TDIC's business, financial condition, results of operations and cash flows and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case maybe).

The interests of ADTA, TDIC's sole shareholder, may, in certain circumstances, conflict with the interests of the Noteholders

By virtue of its ownership of all of the shares of TDIC, ADTA has the power to appoint the Board of Directors of TDIC. Accordingly, ADTA has a direct influence over TDIC's operations. See "*Management – Board of Directors*". As a Government authority, ADTA's key objective is the implementation of the Government's tourism strategy and not the optimisation of TDIC's results of operations. In particular, for example, ADTA (and the Government) has in the past required, and could in the future require, TDIC to focus on projects that are not economically attractive, thereby diverting TDIC's management's focus from more commercial and potentially economically attractive projects, which could impact TDIC's ability to fund its obligations, including its obligations under the Guarantee. Accordingly, the interests of ADTA and the Board of Directors of TDIC (and those of the Government) may conflict with those of TDIC's creditors (including the Noteholders) and may be influenced by the need to consider the social benefit of any investment to Abu Dhabi and its nationals. Any such action by ADTA and the Government may result in a material adverse effect on TDIC's business, financial condition, results of operations and cash flows and thereby affect the Issuer's and TDIC's ability to perform their obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC is a recently formed company with a limited operating history and no completed large-scale master development projects

TDIC commenced operations in October 2005 and has only a limited history of operating as a corporate entity. As a result of TDIC's limited operating history, to date, TDIC has not completed any of its large-scale master planned projects and has only completed a limited number of individual stand-alone projects. Accordingly, prospective investors only have limited information with which to evaluate the quality of TDIC's projects and TDIC's current or future prospects or financial results and performance. Furthermore, as a result of TDIC's limited operating history and the fact that it expects to enter into further projects and/or make further significant investments in the future, its historic financial statements are unlikely to be indicative of its future cash flows, results of operations or rate of growth. TDIC's business prospects and financial performance must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development.

In light of the risks, uncertainties, expenses and difficulties that TDIC faces as a company in the early stages of its development with a limited operating history, including challenges in planning and forecasting accurately as a result of limited historical data, TDIC's past results cannot be relied upon as an indication of future performance. TDIC's inability to successfully identify and address these risks and difficulties and to successfully implement its business plan could have a material adverse effect on TDIC's business, financial condition and results of operations and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC generally develops large-scale master development projects that require long-term development commitments

As a master developer, TDIC's projects are generally large in their scale (for example, Saadiyat, which encompasses an area of approximately 27 square kilometres and Sir Bani Yas Island, which encompasses an area of approximately 80 square kilometres) and require long-term development commitments (Saadiyat, for example, will require over a decade to develop). These projects are extremely complicated and require extensive planning and management and, as a result, expose TDIC to a significant amount of project risk. Given the size and scope of TDIC's projects, there is limited precedent on how such projects are normally progressed and what risks they may entail. In addition, as a result of the scale and duration of TDIC's projects, TDIC is exposed to risks such as changes in economic climate, market preferences and the overall attractiveness of its developments.

As the majority of TDIC's projects are still in their early stages, TDIC may be exposed to additional risks that may not be apparent to it at the present time, such as those associated with the operation of complicated assets such as Saadiyat. In the event that TDIC is unable to manage all of the complex aspects of its master developments or TDIC is unable to successfully anticipate and plan for risks associated with the later stages of its projects, its business, financial condition and results of operations could be materially adversely affected and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC is subject to a range of development and construction risks

TDIC currently has 69 projects under various phases of design and development. These projects typically require substantial capital expenditures throughout their development and construction, and may take years before they become operational and begin generating revenue and cash flow, during which time TDIC is subject to a number of development, financing, operating and other risks beyond its control, including, but not limited to:

- delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental and regulatory permits, approvals and authorisations;
- requirements to make significant current capital expenditures for certain properties without receiving revenue from these properties until future periods;
- possible shortage or non-availability of cash (either in the form of Government funding or otherwise) to fund development projects;
- uncertainties as to market demand or a loss of market demand after construction has begun;
- fluctuations in occupancy rates at completed development projects due to a number of factors, including market and economic conditions that may result in TDIC's investment not being profitable;
- an inability to complete development projects on schedule or within budgeted amounts; and
- methodological errors or erroneous assumptions in the financial models used by TDIC to make decisions.

There can be no assurance that any or all of TDIC's current or future projects will be completed in the anticipated timeframe, within budgeted amounts or at all, whether as a result of the factors specified above or for any other reason. Any inability to complete a project in the anticipated timeframe, within budgeted amounts or at all, could have a material adverse effect on TDIC's business, financial condition, results of operations and cash flows and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

Although TDIC does not undertake construction itself, TDIC's projects are exposed to a number of construction risks, including, but not limited to, the following:

- an inability to find a suitable contractor or sub-contractor either at the commencement of a project or following a default by an appointed contractor or sub-contractor;
- default or failure by its contractors or sub-contractors to finish projects or parts of projects on time, according to specifications or within budget;
- disruption in service and access to third parties, such as architects, engineers, interior designers or other service providers;
- defective materials or building methods;
- shortages or escalating costs of construction materials and global commodity prices; and

- other shortages or increases in the cost, such as those relating to equipment and labour, adverse weather conditions, natural disasters, work stoppages or labour disputes, disputes with contractors or sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances.

While certain of these risks are ultimately passed on to the contractors whom TDIC engages to complete its projects, TDIC still remains exposed to a number of these risks, any one of which could have a material adverse effect on TDIC's reputation as a master developer, could materially delay the completion of a project or materially increase the costs associated with a project, which could, in turn, have a material adverse effect on TDIC's business, financial condition, results of operations and cash flows and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC's counterparties may default on their contractual obligations

TDIC enters into contracts with contractors, sub-developers, architects, engineers, interior designers, operators and other service providers, and faces the possibility that a counterparty will be unable or unwilling to honour its contractual obligations. Such counterparties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Such counterparty risk is more acute in difficult market conditions where the risk of failure of counterparties is increased. Any such failure of a counterparty to fulfil its contractual obligations could delay the completion of a project or impact the operations of a completed project which could have a material adverse effect on TDIC's reputation as a master developer or materially increase the costs associated with a project borne by TDIC and which, as a result, could have a material adverse effect on TDIC's business, financial condition and results of operations and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC may be adversely affected by conditions in the global financial market and the impact that this has on TDIC's ability to secure financing and the value of its land

Since 2008, global credit markets have declined markedly, resulting in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit markets. Any worsening of general global economic conditions or any change in investment markets, including, but not limited to, changes in interest rates, exchange rates and returns from equity, property and other investments, may affect TDIC's ability to secure financing on terms similar to those TDIC has received in the past or on TDIC's ability to secure commercial financing at all. Furthermore, a lack of liquidity in the financial markets also may impact the ability of TDIC's partners, sub-developers and purchasers to buy land or properties from TDIC, launch new projects or complete existing projects. Furthermore, any such lack of liquidity could impact the overall value of the properties TDIC owns. Any of the foregoing could materially adversely affect TDIC's business, financial condition and results of operations and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC may invest in local companies that it does not control, which could expose TDIC to additional risks

TDIC currently invests in and may make additional investments in associates that it does not control. Such investments have typically been made in the form of land contributions and have not historically allowed TDIC to exercise significant, or any, control over the associate's management. TDIC makes such investments in order to maintain smaller, more efficient operations and to fulfil its obligations of supporting local enterprises. Investments in which TDIC only has a minority interest will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which TDIC does not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that is contrary to TDIC's interests. Furthermore, TDIC's investments in such companies may be diluted if TDIC does not partake in their future equity or equity-linked security offerings.

In addition, any of TDIC's associates may be unable or unwilling to fulfil their obligations under the relevant agreements or may experience financial or other difficulties that may adversely impact TDIC's investment. In many of TDIC's investments, TDIC relies on the particular expertise of its associates and any failure by such an associate to perform its obligations in a diligent manner could adversely impact TDIC's investment. TDIC can give no assurance as to the performance of any of its associates, which currently include B2B Hotels & Properties LLC, Emirates Pearl for Development & Investment LLC, Parc Hospitality Investment LLC and Qaryat Al Beri Resort Development Co LLC. See "*Business Description of TDIC – Associates and Strategic Alliances*".

If any of the foregoing were to occur, TDIC's business, financial condition and results of operations could be adversely affected and this could thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

Accounting for the value of property is inherently subjective. The actual value of TDIC's projects and properties may differ significantly from the value at which TDIC carries them on its balance sheet and real estate is inherently illiquid which could significantly limit TDIC's ability to respond to changes in political, economic, financial and investment conditions in Abu Dhabi

As allowed by the cost method of accounting under IFRS, TDIC values its investment property, property, plant and equipment and property-related assets at cost, including transaction costs related to such properties. For properties, plant and equipment and property-related assets transferred through land contributions from the Government, assets are recorded at fair market value on the date that the contribution is made, which becomes the asset's cost basis (for land that has an inherent and determinable market value), or for a nominal value (for land that requires significant investment to derive value therefor, for example land reclamation). After recording the initial values of its properties, plant and equipment and property-related assets, TDIC carries each asset on its balance sheet at its cost plus any capitalised capital expenditure associated with its development.

As the market values of U.A.E. properties can be extremely volatile, TDIC cannot assure investors that the market values of its projects and properties will not significantly decrease from period to period. Furthermore, TDIC cannot assure investors that the values of each of TDIC's property and property-related assets as reflected in TDIC's financial statements (which will likely increase over time as capital expenditure associated with an asset's development is capitalised) reflect any actual market value or achievable sale prices, as under the cost method of accounting TDIC is not required to revalue its properties after their initial valuation and is therefore not able to adjust such properties' recorded values in response to changing market conditions. Significant differences may arise between the book-value of TDIC's properties and property-related assets and actual market values or potential sales prices. If TDIC did not recognise impairment on such properties in a timely manner, it could have a material adverse effect on TDIC's business, financial condition and results of operations and this could thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

In addition, because real estate investments in general are relatively illiquid, TDIC's ability to promptly sell one or more of its projects or properties in response to changing political, economic, financial and investment conditions is limited. Furthermore, in light of the fact that many of TDIC's projects relate to infrastructure and cultural assets, TDIC's portfolio is likely to be even less liquid than that of other property development companies and the cost of development of some infrastructure and cultural assets may significantly exceed the commercial value of such assets.

Finally, with respect to those properties that TDIC develops with a view to sale or commercial use, TDIC is particularly susceptible to decreases in demand for commercial or residential property in Abu Dhabi. TDIC cannot predict the length of time it will take to find a willing purchaser or tenant and to close a sale or lease of a property or whether it would be able to sell or lease a property on commercially reasonable terms, if at all. If TDIC is unable to sell or lease its properties at acceptable prices, or at all, TDIC's business, financial condition and results of operations could be materially adversely affected and this could thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC may face increased competition in the future

The real estate sector in Abu Dhabi is developing and, while TDIC has historically been mandated to develop significant tourism assets on behalf of the Government (see "*Business Description of TDIC*"), TDIC may face increased competition for future Government mandates from other property developers in Abu Dhabi or elsewhere. TDIC may also face increased competition from other developers of commercial and residential properties in Abu Dhabi, such as Aabar Investments Private Joint Stock Company ("**Aabar**"), Aldar Properties P.J.S.C. ("**Aldar**"), Mubadala Development Company P.J.S.C. ("**Mubadala**") and Sorouh Real Estate P.J.S.C. ("**Sorouh**"), when TDIC's hotels, residential properties and retail developments are completed and begin operations. No assurance can be given that such increased competition would not have a material adverse effect on TDIC's business, financial condition and results of operations and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be). Furthermore, no assurance can be given that TDIC will be able to perform as well operationally or be able to position itself as well politically as competing developers in Abu Dhabi.

If TDIC fails to retain and attract qualified and experienced employees, TDIC's business may be harmed

Whilst TDIC plans to maintain a streamlined and flexible corporate structure, TDIC is nevertheless a growing company and expects to continue to recruit additional employees as it continues to progress its projects. If TDIC is unable to retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or fails to recruit skilled professional and technical staff in pace with its growth, TDIC's business and financial results may suffer. Experienced and capable personnel in the master developer industry remain in high demand, and there is continual competition for their talents. Although there is currently a relatively large pool of available master developers and real estate professionals, historically there has been a shortage of such persons, due to the significant growth in the real estate development industry in the U.A.E. and internationally in the past. Consequently, when talented employees leave, TDIC may have difficulty replacing them and may incur additional costs and expenses in securing such replacements.

TDIC also believes that its continued success depends on the collective abilities of its Board of Directors and executive management. The loss of one or more of its key personnel could have a material adverse effect on TDIC's business, financial condition and results of operations.

TDIC could face significant liabilities under environmental and safety laws

Environmental contamination, either during the course of a development or pre-existing on land TDIC acquires for development, is a risk inherent to any master developer business. TDIC also faces a particular risk due to the fact that certain of its developments, such as the Eastern Mangroves and Saadiyat, are in environmentally sensitive areas. In order to minimise such risk, TDIC has complied and intends to continue to comply with national and local environmental laws and regulations in Abu Dhabi. These laws and regulations set various standards regulating certain aspects of health, safety, security and environmental quality, provide for civil and criminal penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, compliance with special provisions may be appropriate or required in environmentally sensitive areas of operation.

TDIC cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations or more vigorous enforcement policies of any regulatory authority could in the future require material expenditures by TDIC for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on TDIC's business, financial condition and results of operations.

Significant liability could be imposed on TDIC's officers, directors and/or employees for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property purchased by TDIC, acts of sabotage or non-compliance with environmental laws or regulations.

The occurrence of any of the events described above could, amongst other things, disrupt TDIC's projects and business, affect TDIC's ability to dispose of projects or businesses, reduce the value of TDIC's projects or businesses and/or result in additional costs to TDIC, any one of which could have a material adverse effect on its business, financial condition and results of operations that could thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC may not maintain sufficient insurance coverage for the risks associated with the operation of its business

TDIC's operations may be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. For example, TDIC has not purchased insurance to cover claims against its directors and officers, environmental liabilities or any possible losses through acts of terrorism. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose TDIC to liabilities in excess of its insurance coverage or significantly impair its reputation. TDIC cannot assure investors that its insurance coverage will be sufficient to cover the loss arising from any or all such events or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

Should an incident occur in relation to which TDIC has no insurance cover or inadequate insurance cover, TDIC could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, TDIC may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against TDIC in excess of any related insurance cover that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on its business, financial condition and results of operations and this could thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC's operations could be adversely affected by terrorist attacks, natural disasters or other catastrophic events beyond its control

TDIC's business operations and development and construction projects could be adversely affected or disrupted by terrorist attacks, natural disasters (such as earthquakes, floods, hurricanes, fires or typhoons) or other catastrophic events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- major accidents, including chemical and radioactive or other material environmental contamination; and
- major epidemics affecting the health of persons in the region and travel into the region.

The occurrence of any of these events at one or more of TDIC's development or construction projects or in Abu Dhabi may cause disruptions to TDIC's operations in part or in whole, may increase the costs associated with TDIC's development and construction projects, may subject TDIC to liability or impact its brand and reputation and may otherwise hinder the normal operation of TDIC's facilities, which could have a material adverse effect on its business, financial conditions and results of operations and this could thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be). The effect of any of these events on TDIC's financial condition and results of operations may be worsened to the extent that any such event involves risks for which TDIC is uninsured or not fully insured. See "*– TDIC may not maintain sufficient insurance coverage for the risks associated with the operation of its business*".

Credit ratings assigned to TDIC and/or the Notes are subject to ongoing evaluations and there can be no assurance that the ratings currently assigned to TDIC and/or the Notes will not be placed on credit watch or downgraded

As of the date of this Base Prospectus, TDIC was assigned a rating of A1 (stable outlook) by Moody's and AA (stable outlook) by Fitch and S&P. One or more independent credit rating agencies may also assign credit ratings to the Notes. Any ratings of either TDIC or the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Notes. Nevertheless, real or anticipated changes in TDIC's credit ratings or the ratings of the Notes generally will affect the market value of the Notes. Any adverse change in the applicable credit rating could adversely affect the trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

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 European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-European Union credit rating agencies, unless the relevant credit ratings are endorsed by a European Union-registered credit rating agency or the relevant non-European Union 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). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Risks Relating to Abu Dhabi, the U.A.E. and the Middle East

TDIC is subject to political and economic conditions in Abu Dhabi, the U.A.E. and the Middle East

All of TDIC's current operations and interests are located in Abu Dhabi. While the U.A.E. is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa region, including, Algeria, Egypt, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Libya, the Sultanate of Oman, Syria and the Republic of Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and has given rise to increased political uncertainty across the region. TDIC's business may be affected by the financial, political and general economic conditions prevailing from time to time in the U.A.E. and the Middle East.

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 TDIC would be able to sustain the development of all of its projects if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the U.A.E. or the regional economy could have an adverse effect on TDIC's business, financial condition and results of operations and on the ability of the Issuer and TDIC to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be). Investors should also note that TDIC's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

Investors should also be aware that investments in emerging markets are subject to greater risks than those in more developed markets, including risks such as:

- political, social and economic instability;

- external acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism, subsidies, expropriation of assets and cancellation of contractual rights;
- regulatory, taxation and other changes in law;
- difficulties and delays in obtaining new permits and consents for TDIC's operations or renewing existing ones;
- potential lack of reliability as to title to real property;
- lack of infrastructure; and
- inability to repatriate profits and/or dividends.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

While the U.A.E. government's policies have generally resulted in improved economic performance in recent years, the U.A.E., like many other countries throughout the world, has experienced a decline in economic activity due to the global recession that began in 2008. As a result, the U.A.E. has exhibited a slowdown in the rate of its real estate development, construction activity and population growth. There can be no assurance that the U.A.E.'s economic conditions will improve in the future or that the U.A.E.'s economic condition will not decline further in the future, either of which could have a material adverse affect on TDIC's business, financial condition and results of operations and on the ability of the Issuer and TDIC to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

Abu Dhabi's economy is highly dependent upon its hydrocarbon and oil revenues

Abu Dhabi's economy is highly dependent upon its oil and gas revenue, which contributed 49.4 per cent. of nominal GDP in 2009. TDIC's developments have historically been funded in large part by monetary grants made by the Government, which derive predominantly from its significant oil revenues. Declines in international prices for oil products in the future could therefore adversely affect the availability of funding for TDIC from the Government which, in turn, could adversely affect TDIC's ability to fund its investments and on the ability of the Issuer and TDIC to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

Oil prices have fluctuated in response to changes in many factors over which TDIC has no control. These factors include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels;
- global economic and political conditions;

- prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

As all TDIC's operations are based in Abu Dhabi, they may be materially adversely affected by any changes to Abu Dhabi or U.A.E. law or regulation

As all of TDIC's operations and interests are in Abu Dhabi, any changes to the laws and regulations of Abu Dhabi or the U.A.E. may significantly affect TDIC's business and financial results. No assurance can be given that the Government or the U.A.E. government or any local or regulatory authority or public or statutory body therein will not implement regulations or fiscal or monetary policies, including policies, regulations or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on TDIC's business, financial condition or results of operations and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

Abu Dhabi and the U.A.E. are in the process of developing institutions and legal and regulatory systems which are not yet as firmly established as they are in Western Europe and the United States of America. The U.A.E. is also in the process of transitioning to a market economy and, as a result, may experience changes in its economy and government policies (including, but not limited to, policies relating to foreign ownership, repatriation of profits, property and contractual rights and planning and permit granting regimes) that may affect TDIC's business.

Furthermore, as the laws in Abu Dhabi relating to real property and real property rights have only recently been adopted and are subject to amendment, the manner in which those laws and related regulations are applied to TDIC are still evolving. TDIC cannot assure investors that any changes to such laws and regulations will not have a negative impact on its business, financial condition and results of operations and on the ability of the Issuer and TDIC to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

TDIC's business may be materially adversely affected if the U.A.E. dirham/U.S. dollar peg were to be removed or adjusted

TDIC maintains its accounts, and reports its results, in U.A.E. dirham, while TDIC's headquarters and its Group's operations are located within the U.A.E. As at the date of this Base Prospectus, the U.A.E. dirham remains pegged to the U.S. dollar. However, there can be no assurance that the U.A.E. dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that materially adversely affects TDIC. Any such de-pegging could have an adverse effect on TDIC's business, financial condition and results of operations and thereby affect the Issuer's and TDIC's ability to perform their respective obligations in respect of any Notes or the Guarantee (as the case may be).

Risks Relating to the Issuer

The Issuer has a limited operating history and no material assets and will depend on receipt of payments from TDIC to make payments to Noteholders

The Issuer is an exempted company with limited liability incorporated in the Cayman Islands on 11 June 2009 in accordance with the Companies Law (2010 Revision) of the Cayman Islands.

The Issuer will not engage in any business activity other than the issuance of the Notes under this Programme, the making of loans to TDIC or other companies controlled by TDIC and other activities incidental or related to the foregoing. The Issuer is not expected to have any income but will receive payments from TDIC and/or from other companies controlled by TDIC in respect of loans made by the Issuer to those companies, which will be the only material sources of funds available to meet the claims of the Noteholders. In the absence of sufficient repayment of any inter-company loan, the Issuer's ability to pay principal and interest and other amounts will depend on TDIC's ability to obtain additional external financing or capital contributions from the Government. As a result, the Issuer is subject to all the risks to which TDIC and the other Group companies are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer under any such loans. See "*– Risks Relating to TDIC's Business*" above for a further description of these risks.

Risks Relating to Notes Generally

The Notes may not be a suitable investment for all investors

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

Notes are subject to modification by a majority of Noteholders without the consent of all Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests. These provisions permit defined majorities to bind all Noteholders (including Noteholders who did not attend or vote at the relevant meeting as well as Noteholders who did attend the relevant meeting, but voted in a manner contrary to the majority).

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to: (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes; (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such; or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Terms and Conditions of the Notes.

Certain Bearer Notes in denominations that involve integral multiples may be illiquid and difficult to trade

If an issue of Bearer Notes is in denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

The European Monetary Union may cause Notes denominated in certain currencies to be re-denominated in euro

If Notes are issued under the Programme that are denominated in the currency of a country which, at the time of issue, is not a member of the European Monetary Union (the "**EMU**") and, before the relevant Notes are redeemed, such country joins the EMU and thereby adopts the euro as its sole currency, certain consequences may result, including, but not limited to, any or all of the following: (i) all amounts payable in respect of the relevant Notes may become payable in euro; (ii) applicable law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in such currency used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could be accompanied by a volatile interest rate environment which could adversely affect investors in the Notes. Any of these or any other consequences could adversely affect the holders of the relevant Notes.

Certain investors may be affected by provisions under the EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at rates rising over time to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the European Commission's advice on the need for changes to the EU Savings Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. An amended version of the proposal has been approved by the European Parliament and is under discussion by the European Council. If any of those proposed changes are made in relation to the EU Savings Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, TDIC nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer and TDIC will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Investors in the Notes must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

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

While the Notes are represented by a Global Note or Global Note Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants and the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note or Global Note Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. The Issuer shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Note Certificate.

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

A change of law may adversely affect the Notes

The Terms and Conditions of the Notes and the Trust Deed are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issuance of the relevant Notes.

Legal investment considerations may restrict certain investments

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

Risks Relating to the Structure of the Final Terms of the Notes

Notes issued at a substantial discount or premium are subject to increased volatility

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Notes may be subject to optional redemption

Any optional redemption feature that any Notes may include is likely to limit their market value. During any period when the Issuer may elect to redeem certain Notes, the market value of such Notes generally will not rise substantially above the price at which they may be redeemed. This also may be true prior to any redemption period.

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

The Notes may be redeemed prior to their final maturity date for tax reasons

If the Issuer or the Guarantor becomes obliged to pay any additional amounts in respect of the Notes or under the Guarantee (as the case may be) as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or, as the case may be, the U.A.E. or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, the Issuer may redeem all but not some only of the outstanding Notes of such Tranche in accordance with Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*) of the Terms and Conditions of the Notes.

Index Linked Notes and Dual Currency Notes are subject to additional market risks

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable upon redemption may be less than the nominal value of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in the light of its particular circumstances.

Partly-paid Notes are subject to additional risks

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable Rate Notes with a multiplier or other leverage factor are subject to increased volatility

Notes with variable interest rates can be volatile investments. If Notes are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be more volatile than those for securities that do not include such features.

Inverse Floating Rate Notes are subject to increased volatility

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes are subject to additional risks

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on the Notes.

Any Fixed Rate Notes the Issuer may issue will be subject to interest rate risks

An investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of such Fixed Rate Notes.

Risks Relating to Enforcement

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Abu Dhabi

The payments under the Notes are dependent upon the Issuer (failing which, TDIC) making payments to investors in the manner contemplated under the Notes, the Trust Deed (incorporating the Guarantee) and the Agency Agreement, as the case may be. If the Issuer and subsequently TDIC fail to do so, it may be necessary for an investor to bring an action against the Issuer and/or TDIC to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time-consuming.

Under current Abu Dhabi law, the Abu Dhabi courts are unlikely to enforce an English judgment without re-examining the merits of the claim and may not observe the parties' choice of English law as the governing law of the transaction. In the U.A.E., foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the U.A.E., may not accord with the perception of an English court. In principle, courts in the U.A.E. 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 U.A.E., or to any mandatory law of, or applicable in, the U.A.E.

The U.A.E. is a civil law jurisdiction and judicial precedents in Abu Dhabi have no binding effect on subsequent decisions. In addition, court decisions in Abu Dhabi are generally not recorded. These factors create greater judicial uncertainty.

The Notes, the Trust Deed (incorporating the Guarantee), the Dealer Agreement (as defined in "*Subscription and Sale and Transfer and Selling Restrictions*") and the Agency Agreement are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration in London, England (the "**LCIA Rules**").

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the U.A.E. on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in Abu Dhabi in accordance with the terms of the New York Convention. Under the New York Convention, the U.A.E. has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement or the Abu Dhabi courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the U.A.E. There have been limited instances where the U.A.E. courts, most notably the Fujairah Court of First Instance and the Dubai Court of First Instance, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. There is, however, no system of binding judicial precedent in the U.A.E. and it is unclear if these decisions are subject to any appeal. In practice, therefore, how the New York Convention provisions would be interpreted and applied by the Abu Dhabi courts, and whether the Abu Dhabi courts will enforce a foreign arbitration award in accordance with the New York Convention, remains largely untested.

There are limitations on the effectiveness of guarantees in the U.A.E. and claims under a guarantee may be required to be made within a prescribed period

As described above, the Abu Dhabi courts are unlikely to enforce an English or United States judgment without re-examining the merits of the claim, including the validity of the obligations of the parties contained in the underlying documentation. If an Abu Dhabi court were to re-examine the merits of a claim made against TDIC for payment under the Guarantee, notwithstanding that the Guarantee is governed by English law, the Abu Dhabi court may interpret the Guarantee in light of U.A.E. law principles rather than English law principles.

Under the laws of the U.A.E., the obligation of a guarantor is incidental to the obligations of the principal debtor and the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor. The laws of the U.A.E. do not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplate a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the Abu Dhabi courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform. In order to enforce a guarantee under the laws of the U.A.E., the underlying debt obligation for which such guarantee has been granted may need to be proved before the Abu Dhabi courts.

Consequently, were an Abu Dhabi court to re-examine the merits of a claim made against TDIC for payment under the Guarantee, if the Issuer's obligation to make payment under the Notes cannot be proven to the satisfaction of the Abu Dhabi court, the court may conclude that there is no obligation on TDIC to make payment in the full amount claimed under the Guarantee. Furthermore, notwithstanding that the Notes and the Guarantee are governed by English law, if an Abu Dhabi court were to apply U.A.E. law principles when assessing a claim in respect of the Guarantee, TDIC may be released from its obligations under the Guarantee if the relevant claim is not made within six months of payment becoming due under the Guarantee.

TDIC's waiver of immunity may not be effective under the laws of the U.A.E.

U.A.E. law provides that public or private assets owned by the U.A.E. or any of the Emirates may not be confiscated. Since TDIC is a wholly owned subsidiary of ADTA, a Government authority, there is a risk that the assets of TDIC may fall within the ambit of government assets and as such cannot be attached or executed upon.

TDIC 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 Trust Deed (incorporating the Guarantee), the Dealer Agreement or the Agency Agreement are valid and binding under the laws of the U.A.E. and applicable in Abu Dhabi.

Risks Related to the Market Generally

A secondary market may not develop or be maintained for the Notes

The Notes may have no established trading market when issued. A market may not develop for such Notes and, if a market does develop, such market may not be liquid. The liquidity of any market for the Notes will depend on a number of factors, including, but not limited to:

- the method of calculating the principal and interest in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes;
- the amount of other debt securities linked to the index or formula applicable to the Notes; and
- the level, direction and volatility of market interest rates generally.

As a result, investors may not be able to sell their Notes easily or at prices that will provide a yield comparable to similar investments that have a developed secondary market. Such risks are heightened for any Notes that: (i) are especially sensitive to interest rate risks, currency risk or other market risks; (ii) have been designed for specific investment objectives or strategies; or (iii) have been structured to meet the investment requirements of certain limited categories of investors, as such types of Notes generally would have a more limited secondary market and increased price volatility than conventional debt securities. The relative illiquidity of Notes may have a severely adverse effect on such Notes' market value.

The Notes may be subject to exchange rate risks and exchange controls

Neither the Issuer nor TDIC has any control over factors that generally affect exchange rate 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 such exchange rate volatility with a variety of currencies may continue in the future.

The Issuer or, as the case may be, TDIC will pay principal and any interest due on any Notes in the Specified Currency. If an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency, it may therefore bear certain exchange rate risks. These include: (i) 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 (ii) 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. Any appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes.

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

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

TDIC Finance Limited

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by
Tourism Development & Investment Company P.J.S.C.
under the U.S.$3,000,000,000 Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated [●] [and the supplemental Prospectus dated [●]] which together constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at the market news section of the London Stock Exchange website (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours at the registered office of the Issuer at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and copies may be obtained during normal business hours from the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated [*original date*] [and the supplemental Prospectus dated [●]] which are incorporated by reference in the Base Prospectus dated [*current date*] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [*current date*] [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [*current date*] [and the supplemental Prospectuses dated [●] and [●]]. Copies of the Base Prospectus [and the supplemental Prospectuses] and the Final Terms are available for viewing at the market news section of the London Stock Exchange website (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and during normal business hours at the registered office of the Issuer at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and copies may be obtained during normal business hours from the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When completing or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.	(a)	Issuer:	TDIC Finance Limited
	(b)	Guarantor:	Tourism Development & Investment Company P.J.S.C.
2.	[(a)]	Series Number:	[●]
	[(b)	Tranche Number:	[●]
			(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		
	[(a)]	Series:	[●]
	[(b)	Tranche:	[●]]
5.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[●]
		(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)	*(N.B. Where Bearer Notes with multiple denominations above €100,000 or equivalent are being used the following language should be used:*
			"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]")
			(N.B. if an issue of Notes is: (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 or equivalent minimum denomination is not required)
	(b)	Calculation Amount:	[●]
			(If there is only one Specified Denomination, insert that Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. there must be a common factor in the case of two or more Specified Denominations)

7.	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)*
8.	Maturity Date:	*[Fixed rate – specify date/floating rate – Interest Payment Date falling in or nearest to [specify month and year]]*
9.	Interest Basis:	[[●] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (*further particulars specified below*)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*] *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
11.	Change of Interest Basis or Redemption/ Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12.	Put/Call Options:	[General Put Option] [Call Option] [Change of Control Put (*N.B. Change of Control Put shall apply unless expressly stated to be not applicable*)] [(*further particulars specified below*)]
13.	Date Board approval for issuance of Notes and Guarantee obtained:	[Not Applicable/[●] and [●], respectively] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Rate(s) of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/(*specify other*)] in arrear] *(If payable other than annually, consider amending Condition 5 (Interest and Other Calculations))*
	(b)	Interest Payment Date(s):	[●] in each year up to and including the Maturity Date]/[*specify other*] *(N.B. This will need to be amended in the case of long or short coupons)*
	(c)	Fixed Coupon Amount(s):	[●] per Calculation Amount
	(d)	Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling in/on [●]] [Not Applicable]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [*specify other*]]
	(f)	Determination Date(s):	[●] in each year (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) *(N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*give details*]
16.	Floating Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(b)	Interest Period Date:	[●] (*Not applicable unless different from Interest Payment Date*)
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day

		Convention/Preceding Business Day Convention/ [*specify other*]]
(d)	Business Centre(s):	[●]
(e)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ [*specify other*]]
(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[●]
(g)	Screen Rate Determination:	
	• Reference Rate:	[●]
		(Either LIBOR, EURIBOR or other, although additional information is required if other including fallback provisions in the Agency Agreement)
	• Interest Determination Date(s):	[●]
		(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
	• Relevant Screen Page:	[●]
		In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
(h)	ISDA Determination:	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(i)	Margin(s):	[+/–] [●] per cent. per annum
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 30/360 30E/360 30E/360 (ISDA) *Other*]

			(*See Condition 5 (Interest and Other Calculations) for alternatives*)
	(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
17.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Amortisation Yield:	[●] per cent. per annum
	(b)	Any other formula/basis of determining amount payable:	[●]
	(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions [●] and [●] apply/*specify other*] (*Consider applicable day count fraction if not U.S. dollar denominated*)
18.	Index Linked Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent:	[*give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address*)]
	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent):	[●]
	(d)	Interest Determination Date(s):	[●]
	(e)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]:	[●]
	(f)	Interest Period(s):	[●]

	(g)	Specified Interest Payment Dates:	[●]
	(h)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(i)	Business Centre(s):	[●]
	(j)	Minimum Rate of Interest:	[●] per cent. per annum
	(k)	Maximum Rate of Interest:	[●] per cent. per annum
	(l)	Day Count Fraction:	[●]
19.	Dual Currency Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):	[●]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

20.	Call Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]
	(c)	If redeemable in part:	

(i)	Minimum Redemption Amount:	[●] per Calculation Amount
(ii)	Maximum Redemption Amount:	[●] per Calculation Amount
(d)	Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer or the Issuing and Paying Agent)*
21.	General Put Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(a)	Optional Redemption Date(s):	[●]
(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]
(c)	Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer or the Issuing and Paying Agent)*
22.	Change of Control Put Option:	[Applicable/Not Applicable] *(N.B. Change of Control Put Option shall apply unless expressly stated to be not applicable)* *(If not applicable, delete the remaining sub-paragraph of this paragraph)*
(a)	Change of Control Redemption Amount:	[●] per Calculation Amount
(b)	Any other provisions relating to Change of Control Put Option:	[Not Applicable/*give details*]
23.	Final Redemption Amount:	[[●] per Calculation Amount/*specify other*/see Appendix] *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the*

		Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[[●] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes in the limited circumstances specified in the Permanent Bearer Global Note] [Temporary Bearer Global Note exchangeable for definitive Bearer Notes] [Permanent Bearer Global Note exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]] *(N.B. The exchange upon notice/at any time should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]".* *Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by Temporary Bearer Global Notes exchangeable for Definitive Notes)* [Registered Notes: [Unrestricted Global Note Certificate (U.S.$ [●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Restricted Global Note Certificate (U.S.$ [●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream Luxembourg]]

26.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/*give details*] *(Note that this paragraph relates to the date and place of payment for the purposes of Condition 7(h) (Payments and Talons – Non-Business Days), and not Interest Period end dates to which sub-paragraphs 16(d) and 18(i) relate)*
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues*]
29.	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	[Not Applicable/*give details*]
	(b) Instalment Date(s):	[Not Applicable/*give details*]
30.	Redenomination applicable:	Redenomination [not] applicable *(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
31.	Other final terms:	[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

DISTRIBUTION

32.	(a) If syndicated, names and addresses of Managers and underwriting commitments:	[Not Applicable/*give names, addresses and underwriting commitments*] *(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)*

	(b) Date of [Subscription] Agreement:	[●] *(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies)*
	(c) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
33.	If non-syndicated, name and address of relevant Dealer(s):	[Not Applicable/*give name and address*]
34.	U.S. Selling Restrictions:	[Regulation S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable] [Notes may be offered and sold to QIBs]
35.	ERISA:	[Employee benefit plans can buy [Yes/No]]
36.	Additional selling restrictions:	[Not Applicable/*give details*]
37.	Additional U.S. federal income tax considerations:	[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [*specify relevant regulated market (for example the London Stock Exchange's regulated market) and, if relevant listing on an official list (for example, the Official List of the U.K. Listing Authority)*] of the Notes described herein pursuant to the Global Medium Term Note Programme of TDIC Finance Limited.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]]. [Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of	Signed on behalf of
TDIC Finance Limited	**Tourism Development & Investment Company P.J.S.C.**
By:... *Duly authorised*	By:... *Duly authorised*

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the London Stock Exchange's regulated market) and, if relevant listing on an official list (for example, the Official List of the U.K. Listing Authority)*] with effect from [●].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. **RATINGS**

Ratings:

The Notes to be issued have been rated:

[Fitch: [●]]

[Moody's: [●]]

[Standard & Poor's: [●]]

[[*Other*]: [●]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Fitch Ratings Ltd. is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] / [Fitch Ratings Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[Moody's Investors Service Ltd. is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] / [Moody's Investors Service Ltd. is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[Standard & Poor's Credit Market Services Europe Limited is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] / [Standard & Poor's Credit Market

Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

(*The following language should be used where the Notes are to be rated by a credit rating agency other than Fitch, Moody's or Standard & Poor's.*)

[The Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert credit rating agency name(s)]*.]

[*[Insert credit rating agency]* is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[*[Insert credit rating agency]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[*[Insert credit rating agency]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[*[Insert credit rating agency]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of *[insert the name of the relevant European Union CRA affiliate that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert credit rating agency]*.]

[*[Insert credit rating agency]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by *[insert the name of the relevant European Union registered credit rating agency]* in accordance with Regulation (EC) No. 1060/2009. *[Insert the name of the relevant European Union registered credit rating agency]* is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[*[Insert credit rating agency]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

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

[Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", so far as the Issuer or the Guarantor is aware, no person involved in the issue of the Notes has an interest material to the offer. *Amend as appropriate if there are other interests*.]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive*.)]

4. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)]	Reasons for the offer:	[●]
[(ii)]	Estimated net proceeds:	[●]
[(iii)]	Estimated total expenses:	[●]
		(N.B. Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)]

5. [**YIELD** (Fixed Rate Notes only) [●]

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

6. **[PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (INDEX LINKED NOTES ONLY)**

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer, need to include details of where the information about the index can be obtained. Where the underlying is not an index, need to include equivalent information.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer and the Guarantor [intend to provide post-issuance information [specify what information will be reported and where it can be obtained]] [do not intend to provide post-issuance information.]

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)]

7. **[PERFORMANCE OF RATE[S] OF EXCHANGE (DUAL CURRENCY NOTES ONLY)**

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)]

8. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	CUSIP:	[●]
(iv)	CINS:	[●]
(v)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*/DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)]*
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(viii)	Name and address of Registrar:	[Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenaur, L-1115 Luxembourg*/Deutsche Bank Trust Company Americas, 27th Floor, 60 Wall Street, Mailstop NYC 60-2710, New York, New York 10005, United States of America**]

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* Select if issue includes Registered Notes (other than Restricted Notes).

** Select if issue includes Restricted Notes.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Note Certificates(s) representing each Series. Either: (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms; or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these terms and conditions will have the meanings given to them in Part A of the Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the terms and conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed (as amended or supplemented on or before the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 24 June 2009 between the Issuer, the Guarantor and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented on or before the Issue Date, the "**Agency Agreement**") dated 24 June 2009 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, London Branch, as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent where the context so permits), the "**Registrars**", the "**Transfer Agents**" (which expression shall include the Registrars where the context so permits) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

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

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

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Exercise of Options or Partial Redemption in Respect of Registered Notes*), each Certificate shall represent the entire holding of Registered Notes by the same holder.

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

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

2. EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES

(a) **Exchange of Exchangeable Bearer Notes**: Subject as provided in Condition 2(f) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Closed Periods*), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b) (*Payments and Talons – Registered Notes*)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the

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

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Exchange of Exchangeable Bearer Notes*), Condition 2(b) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Transfer of Registered Notes*) or Condition 2(c) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e) (*Redemption, Purchase and Options – Redemption at the Option of Noteholders*)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Exchange and Transfer Free of Charge**: Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s): (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note; (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d) (*Redemption, Purchase and Options – Redemption at the Option of the Issuer*); (iii) after any such Note has been called for redemption; or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. **GUARANTEE AND STATUS**

(a) **Guarantee**

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

(b) **Status of the Notes and the Guarantee**

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future.

4. **NEGATIVE PLEDGE**

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer and the Guarantor will not, and each of them will ensure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either: (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders; or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

(a) "**Non-recourse Project Financing**" means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that: (i) any Security Interest given by the Guarantor or any of its Subsidiaries in connection therewith is limited solely to the assets of the project; (ii) the persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for the moneys advanced; and (iii) there is no other recourse to the Guarantor or any of its Subsidiaries in respect of any default by any person under the financing;

(b) "**Permitted Security Interest**" means:

    (i) any Security Interest existing on the date on which agreement is reached to issue the Notes;

    (ii) any Security Interest securing Relevant Indebtedness of a person and/or its Subsidiaries existing at the time that such person is merged into, or consolidated with, or acquired by the Guarantor or any of its respective Subsidiaries, provided that such Security Interest was not created in contemplation of such merger, consolidation or acquisition;

(iii) any Security Interest existing on any property or assets prior to the acquisition thereof by the Guarantor or any of its respective Subsidiaries and not created in contemplation of such acquisition;

(iv) any Security Interest created pursuant to a *Shari'a* compliant financing;

(v) any Security Interest granted to secure a Non-recourse Project Financing or to secure any indebtedness incurred in connection with a Securitisation; and

(vi) any renewal of or substitution for any Security Interest permitted by any of paragraphs (i) to (iii) above (inclusive) so long as the indebtedness secured by such Security Interest is for an amount not materially greater than the principal (and any capitalised interest and fees) of such indebtedness and does not extend to property or assets having, in aggregate, a greater value than those to which the Security Interest being renewed or substituted relates,

in each case, provided that the amount of any Relevant Indebtedness secured by any such Security Interest (when aggregated with the amount of Relevant Indebtedness secured by the other Security Interests permitted pursuant to subparagraphs (i) to (vi) (inclusive) above) does not exceed 15 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries, as shown in the most recent published audited consolidated financial statements of the Guarantor and its consolidated Subsidiaries;

(c) "**Securitisation**" means any securitisation (Islamic or otherwise) of existing or future assets and/or revenues, provided that: (i) any Security Interest given by the Guarantor or any of its Subsidiaries in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the sole source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to the Guarantor or any of its Subsidiaries in respect of any default by any person under the securitisation;

(d) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (including trust certificates) which for the time being are, or are intended to be, or are capable of being quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

(e) other than in relation to Condition 6(g) (*Redemption, Purchase and Options – Purchases*) and Condition 6(h) (*Redemption, Purchase and Options – Cancellation*), "**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer or the Guarantor (as the case may be).

5. INTEREST AND OTHER CALCULATIONS

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h) (*Interest and Other Calculations – Calculations*).

(b) **Interest on Floating Rate Notes and Index Linked Interest Notes**:

(i) *Interest Payment Dates*:

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h) (*Interest and Other Calculations – Calculations*). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*:

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is: (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment; (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day; (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*:

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

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

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available, or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page, or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i) (*Redemption, Purchase and Options – Early Redemption – Zero Coupon Notes*)).

(d) **Dual Currency Notes**: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) **Partly Paid Notes**: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 (*Interest and Other Calculations*) to the Relevant Date (as defined in Condition 8 (*Taxation*)).

(g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) (*Interest and Other Calculations – Interest on Floating Rate Notes and Index Linked Interest Notes*) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(h) **Calculations**: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Change of Control Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Change of Control Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Change of Control Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than: (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount; or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii) (*Interest and Other Calculations – Interest on Floating Rate Notes and Index Linked Interest Notes – Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the

Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Determination or Calculation by Issuer**: If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount, Change of Control Redemption Amount or Optional Redemption Amount, the Issuer shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Issuer shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

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

"**Business Day**" means:

(i) in the case of a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres, a day on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

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

(i) if "**Actual/Actual**" – **ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of: (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y(2) - Y(1))] + [30 \times (M(2) - M(1))] + (D(2) - D(1))}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y(2) - Y(1))] + [30 \times (M(2) - M(1))] + (D(2) - D(1))}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y(2) - Y(1))] + [30 \times (M(2) - M(1))] + (D(2) - D(1))}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless: (i) that day is the last day of February; or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless: (i) that day is the last day of February but not the Maturity Date; or (ii) such number would be 31, in which case D_2 will be 30;

(vii) if "**Actual/Actual-ICMA**" is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of: (1) the number of days in such Determination Period; and (2) the number of Determination Periods normally ending in any year;

where:

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

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

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

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

"**Interest Amount**" means:

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

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such

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

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

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

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

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon;

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

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

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

6. REDEMPTION, PURCHASE AND OPTIONS

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

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 (*Redemption, Purchase and Options*), each Note that provides for Instalment Dates and

Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption**:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c) (*Interest and Other Calculations – Zero Coupon Notes*).

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

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) (*Redemption, Purchase and Options – Early Redemption*) above) (together with interest accrued to but excluding the date fixed for redemption), if: (i) the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or the United Arab Emirates, or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or, as the case may be, the Guarantee) then due (or, in the alternative, in the case of a Floating Rate Note or an Index Linked Note, the notice of redemption may not be given more than 60 days prior to the interest payment date that precedes the accrual period in which the change in law or regulation becomes effective). Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee: (x) an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or, as the case may be, the Guarantor) has or will become obliged to pay such additional amounts as a result of such change or amendment; and (y) a certificate signed by two Directors of the Issuer (or, as the case may be, the Guarantor) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above in which event they shall be conclusive and binding on Noteholders and Couponholders.

(d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together (if applicable) with interest accrued to, but excluding, the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**:

(i) If General Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption.

(ii) Save where Change of Control Put Option is specified as not applicable hereon, if a Change of Control occurs, the Issuer shall, at the option of the holder of any such Note (unless prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*) or 6(d) (*Redemption, Purchase and Options – Redemption at the Option of the Issuer*)), redeem such Note on the Put Date at its Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the Put Date.

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 16 (*Notices*) and to the Trustee specifying the nature of the Change of Control.

For the purpose of these Conditions:

(a) a "**Change of Control**" shall occur each time the Government of the Emirate of Abu Dhabi (the "**Government**") or any other department, agency or authority wholly owned by the Government:

(i) sells, transfers or otherwise disposes of any of the issued share capital of the Guarantor, other than to an entity, directly or indirectly, wholly owned by the Government; or

(ii) otherwise ceases to control (directly or indirectly) the Guarantor;

(b) "**Put Date**" shall be the tenth Business Day after the expiry of the Put Period; and

(c) "**Put Period**" shall be the period of 30 days after a Change of Control Notice is given.

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

(f) **Partly Paid Notes**: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) **Purchases**: The Issuer, the Guarantor and any of their respective subsidiaries may at any time purchase Notes (provided that, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) **Cancellation**: All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

For the purposes of paragraphs (g) and (h) of this Condition 6 (*Redemption, Purchase and Options*), "**subsidiary**" means, at any particular time, any person (the "**first person**") which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned, by another person (the "**second person**"). For the first person to be "**controlled**" by the second person means that the second person (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract trust or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that first person or otherwise controls, or has the power to control, the affairs and policies of that first person.

7. PAYMENTS AND TALONS

(a) **Bearer Notes**: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi) (*Payments and Talons – Unmatured Coupons and Receipts and unexchanged Talons*) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii) (*Payments and Talons – Unmatured Coupons and Receipts and unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes**:

(i) Payments of principal (which for the purposes of this Condition 7(b) (*Payments and Talons – Registered Notes*) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) (*Payments and Talons – Registered Notes*) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if: (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due; (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments subject to Laws**: All payments are subject in all cases to any applicable laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission or expenses shall be charged to the Noteholders or the Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that, the Issuer shall at all times maintain: (i) an Issuing and Paying Agent; (ii) a Registrar in relation to Registered Notes; (iii) a Transfer Agent in relation to Registered Notes; (iv) one or more Calculation Agent(s) where the Conditions so require; (v) Paying Agents having specified offices in at least two major European cities; (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee; and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

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

Notice of any such change or any change of any specified office shall be given to the Trustee and the Noteholders in accordance with the provisions of the Agency Agreement.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Change of Control Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9 (*Prescription*)).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9 (*Prescription*)).

(h) **Non-Business Days**: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. TAXATION

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands or the United Arab Emirates or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in payments made by the Issuer or, as the case may be, the Guarantor, that will equal the amounts the Issuer or, as the case may be, the Guarantor would have to pay had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Cayman Islands or the United Arab Emirates other than the mere holding of the Note, Receipt or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

(c) **Payment to individuals**: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or

(d) **Payment by another Paying Agent**: (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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

9. PRESCRIPTION

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

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) **Non-Payment**: default is made for more than seven days (in the case of interest) or five days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.$25,000,000 or its equivalent (as reasonably determined by the Trustee on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any lending bank on the day on which this paragraph (c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries and is not discharged or stayed within 90 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(f) **Insolvency**: the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries; or

(g) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries, or the Issuer, the Guarantor or any of the Guarantor's Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of the Guarantor's Material Subsidiaries; or

(h) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their obligations under the Notes, the Trust Deed and the Guarantee; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes, the Trust Deed and the Guarantee admissible in evidence in the courts of the Cayman Islands and the United Arab Emirates is not taken, fulfilled or done; or

(i) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(j) **Ownership**: the Issuer ceases to be wholly owned and controlled by the Guarantor; or

(k) **Guarantee**: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(l) **Analogous Events**: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that, in the case of paragraphs (b), (d), (e), (h), (i) and, in the case of Material Subsidiaries only, paragraph (g), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

"**Material Subsidiary**" as used in this Condition 10 (*Events of Default*) means at any relevant time a Subsidiary of the Guarantor:

(i) whose total assets or gross revenues attributable to the Guarantor represent not less than 5 per cent. of the total consolidated assets or the gross consolidated revenues of the Guarantor, all as calculated by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its consolidated Subsidiaries; or

(ii) to which is transferred all or substantially all the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary.

11. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*: (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes; (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes; (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes; (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum; (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Change of Control Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount; (vi) to vary the currency or currencies of payment or denomination of the Notes; (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution; or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all the Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the Final Terms in relation to such Series.

(b) **Modification of the Trust Deed**: The Trustee may agree, without the consent of the Noteholders or the Couponholders, to: (i) any modification of any of the provisions of the Trust Deed that in its opinion is of a formal, minor or technical nature or is made to correct a manifest error; and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) **Substitution**: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor (as the case may be), or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that, such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*)) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. ENFORCEMENT

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor or take any step as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings or step unless: (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding; and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer and/or the Guarantor without accounting for any profit. The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Noteholders.

14. REPLACEMENT OF NOTES, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

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

15. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or the Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 (*Further Issues*) and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Friday, Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

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

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

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

18. **GOVERNING LAW AND JURISDICTION**

(a) **Governing Law**: The Trust Deed, the Notes, the Receipts, the Coupons, the Talons, the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration**: The Issuer and the Guarantor have in the Trust Deed irrevocably and unconditionally agreed for the benefit of the Trustee and the Noteholders that any suit, legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Receipts, the Coupons, the Talons and the Guarantee ("**Proceedings**") will be settled by arbitration in accordance with the LCIA Rules from time to time in force, which rules are deemed to be incorporated into this Condition 18 (*Governing Law and Jurisdiction*) by reference. The place of the arbitration shall be London, United Kingdom and the language of the arbitration shall be English. Any provisions of the LCIA Rules relating to the nationality of an arbitrator or the chairman shall not apply. The number of arbitrators shall be three, each of whom shall be disinterested in the claim, dispute or difference, shall have no connection with any party to the Proceedings and shall be an attorney experienced in international finance transactions.

(c) **Jurisdiction**: Notwithstanding the Issuer's, the Guarantor's, the Trustee's and the Noteholders' agreement that Proceedings will be settled by arbitration pursuant to Condition 18(b) (*Governing Law and Jurisdiction – Arbitration*), the Issuer and the Guarantor have irrevocably and unconditionally agreed in the Trust Deed that, if the Trustee so requires at its discretion or if so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Notes then outstanding (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) and by notice to the Issuer and the Guarantor, the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts, the Coupons and the Talons and that accordingly any Proceedings may be brought in the courts of England.

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and the Guarantor and may be enforced in the courts of any other jurisdiction. Nothing in this Condition 18 (*Governing Law and Jurisdiction*) shall limit any right to take Proceedings against the Issuer and the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(d) **Service of Process**: The Issuer and the Guarantor have, in the Trust Deed, each irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(e) **Waiver**: Each of the Issuer and the Guarantor irrevocably agrees that, should any Proceedings be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. Each of the Issuer and the Guarantor irrevocably agrees that it and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Global Notes and Global Note Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary. Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Note to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

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

Relationship of Accountholders with Clearing Systems

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

Exchange

Global Notes

(a) *Temporary Bearer Global Notes*

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

(i) if the Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme – United States Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Bearer Global Note or, if so provided in the Final Terms, for Definitive Notes.

Each Temporary Bearer Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Bearer Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

(b) *Permanent Bearer Global Notes*

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

(i) if the Permanent Bearer Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes represented by a corresponding interest in an Unrestricted Global Note Certificate or a Certificate that does not bear the legend applicable to Restricted Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*"; and

(ii) (a) if the Permanent Bearer Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (b) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Note Certificates

(a) *Unrestricted Global Note Certificates*

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

Transfers of the holding of Notes represented by any Global Note Certificate pursuant to Condition 2(b) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) with the consent of the Issuer,

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

(b) *Restricted Global Note Certificates*

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

Transfers of the holding of Notes represented by that Restricted Global Note Certificate pursuant to Condition 2(b) (*Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made:

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

(ii) in whole or in part, with the Issuer's consent,

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

Partial Exchange of Permanent Bearer Global Notes

For so long as a Permanent Bearer Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Bearer Global Note will be exchangeable in part on one or more occasions: (i) for Registered Notes if the Permanent Bearer Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes; or (ii) for Definitive Notes: (a) if principal in respect of any Notes is not paid when due; or (b) if so provided in, and in accordance with, the Conditions (which will be set out in the Final Terms) relating to Partly Paid Notes.

Delivery of Notes

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

In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the schedules to the Trust Deed. On exchange in full of each Permanent Bearer

Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a Temporary Bearer Global Note, the day falling after the expiry of forty (40) days after its issue date and, in relation to a Permanent Bearer Global Note, a day falling not less than sixty (60) days, or in the case of an exchange for Registered Notes five (5) days, or in the case of failure to pay principal in respect of any Notes when due thirty (30) days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Bearer Global Notes, Permanent Bearer Global Notes and Global Note Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Base Prospectus. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Bearer Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Bearer Global Note issued in compliance with the D Rules (see "*Subscription and Sale and Transfer and Selling Restrictions*") before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(f)(vi) (*Payments and Talons – Unmatured Coupons and Receipts and unexchanged Talons*) and Condition 8(d) (*Taxation – Payment by another Paying Agent*) will apply to the Definitive Notes only.

Payment Record Date

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

Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Bearer Global Note will become void unless it is presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*)).

Meetings

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

Cancellation

Cancellation of any Note represented by a Permanent Bearer Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Bearer Global Note.

Purchase

Notes represented by a Permanent Bearer Global Note may only be purchased by TDIC or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Bearer Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (as the case may be).

Noteholders' Options

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

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Note Certificate.

Notices

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

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Base Prospectus, but will be contained in the Final Terms and in the Global Notes for the relevant Series. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Bearer Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be lent by the Issuer to TDIC through inter-company loans and will be used for general corporate purposes or, as the case may be, as set forth in the Final Terms applicable to each Tranche. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No. 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the Final Terms applicable to each Tranche.

CAPITALISATION

The following table shows TDIC's cash and balances, short-term debt and consolidated capitalisation as at 31 December 2010. The information provided was extracted from TDIC's consolidated financial statements as at and for the financial year ended 31 December 2010 and should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the 2010 Financial Statements and notes related thereto included elsewhere in this Base Prospectus.

	As at 31 December 2010
	(AED millions)
Cash and balances[1]	2,975.5
Debt:	
Short-term debt[2]	1,000.0
Bank borrowings long-term	2,205.0
Non-convertible bonds and sukuk	7,319.8
Government loans	2,787.8
Total debt	13,312.6
Equity:	
Share capital	100.0
Increase in capital and other contributions[3]	18,647.4
Statutory reserve	–
Accumulated losses	(2,079.2)
Total equity	16,668.2
Total capitalisation[4]	28,980.8

(1) Comprises cash and bank balances, call deposits and short-term deposits with banks that are readily convertible into cash.

(2) Represents the short-term portion of the bank borrowings and bank overdrafts from TDIC's consolidated balance sheet.

(3) Represents increase in capital and other contributions from TDIC's consolidated balance sheet.

(4) Total equity plus long-term debt.

There have been no significant changes in the consolidated capitalisation of TDIC since 31 December 2010.

DESCRIPTION OF THE ISSUER

General

TDIC Finance Limited was incorporated in the Cayman Islands with registration number 227113 as an exempted company with limited liability on 11 June 2009 in accordance with the Companies Law (2010 Revision) of the Cayman Islands. The registered office of the Issuer is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The authorised share capital of the Issuer is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1 each, 100 of which have been issued. All of the issued shares are fully-paid and the Issuer is a wholly owned subsidiary of TDIC.

The Issuer is organised as a special purpose entity and was established to raise capital by the issue of the Notes.

Business of the Issuer

The Issuer has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Notes to be issued under the Programme.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to: (i) its registration as an exempted company; (ii) the authorisation of the establishment and update of the Programme and the issue of Notes under the Programme; and (iii) the ownership of such interests and other assets referred to herein.

The Issuer's ongoing activities will principally comprise: (i) the issue of the Notes under the Programme; (ii) the entering into of any documents related to the Programme and an issue of Notes thereunder; (iii) the on-lending of the proceeds of any issue of Notes to TDIC or any of its subsidiaries; and (iv) the exercise of related rights and powers and other activities referred to in this Base Prospectus or reasonably incidental to those activities.

Directors of the Issuer

The Directors of the Issuer and their respective business addresses and principal activities are:

Name	Business Address	Principal Activities
H.E. Mubarak Hamad Al Muhairi	P.O. Box 126888, Abu Dhabi, United Arab Emirates	Managing Director of TDIC
H.E. Saeed Mubarak Al Hajeri	P.O. Box 126888, Abu Dhabi, United Arab Emirates	Director of TDIC

The Issuer's Articles of Association provide that the board of directors of the Issuer will consist of at least one director.

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

The Issuer has no subsidiaries or employees.

Financial Statements

Since its date of incorporation, no financial statements of the Issuer have been prepared. The Issuer will publish its first financial statements in respect of the period ending on 31 December 2011. The financial year of the Issuer ends on 31 December in each year.

OVERVIEW OF THE U.A.E. AND ABU DHABI

The U.A.E.

The U.A.E. is a federation of seven Emirates. Formerly known as the Trucial States, they were a British protectorate until they achieved independence in December 1971 and merged to form the U.A.E. Each Emirate has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President. The federal budget is principally funded by Abu Dhabi.

The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the U.A.E., which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the U.A.E.

According to data published by the IMF in 2008, the U.A.E. is the third largest economy in the Gulf region after the Kingdom of Saudi Arabia and the Islamic Republic of Iran. It has a more diversified economy than most of the other countries in the Gulf Co-operation Council (the "**GCC**"). According to OPEC data, at 31 December 2009, the U.A.E. had approximately 7.3 per cent. of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world). Based on IMF data (extracted from the World Economic Outlook (October 2010)) real GDP growth in the U.A.E. decreased by 2.5 per cent. in 2009 after having increased by 5.1 per cent. in 2008, 6.1 per cent. in 2007, 8.7 per cent. in 2006 and 8.2 per cent. in 2005.

On 23 April 2010, Moody's reaffirmed the U.A.E.'s long-term credit rating of Aa2 with a stable outlook. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by Abu Dhabi.

Abu Dhabi

Abu Dhabi is the richest and largest of the seven Emirates and the city of Abu Dhabi is also the capital of the U.A.E.

Abu Dhabi, with proven crude oil reserves estimated to be in excess of 90 billion barrels, has approximately 95 per cent. of the U.A.E.'s total oil reserves and approximately 7.0 per cent. of the world's proven oil reserves (which were 1,337 billion barrels according to OPEC at 31 December 2009). In recent years, Abu Dhabi has produced between 2.2 and 2.5 million barrels of oil per day, which is just over 95 per cent. of total U.A.E. production. At this rate of production, Abu Dhabi's oil reserves would last over 100 years. In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. In total, Abu Dhabi has approximately 5,664 billion standard cubic metres of natural gas reserves, representing approximately 3.0 per cent. of the world's natural gas reserves of 189,712 billion standard cubic metres (according to OPEC at 31 December 2009).

The table below shows Abu Dhabi's crude oil production (including condensates), exports and average selling prices for each of the years indicated.

	2005	2006	2007	2008	2009
Crude oil production (million b/d)	2.3	2.5	2.5	2.5	2.2
Crude oil exports (million b/d)	2.1	2.3	2.3	2.4	2.0
Crude oil exports (U.S.$ billions)	40.85	54.34	59.50	84.59	45.95
Average selling price (U.S.$ per barrel)	53	64	71	97	63

Source: Abu Dhabi National Oil Company.

The population of the U.A.E., based on a census carried out in 2005, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. The U.A.E. National Bureau of Statistics estimated the population of the U.A.E. to be approximately 8.2 million in 2009. The current census for 2010 is underway but as at the date of this Base Prospectus census records have not been published.

The populations of both the U.A.E. and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed.

The table below illustrates this growth using official census data since 1975.

	1975	1980	1985	1995	2001	2005
Abu Dhabi population	211,812	451,848	566,036	942,463	1,170,254	1,399,484
Total U.A.E. population....	557,887	1,042,099	1,379,303	2,411,041	3,488,000	4,106,427

Source: Official census data (except 2001 U.A.E. population which is a U.A.E. Ministry of Economy estimate).

Since 2005, the Abu Dhabi Statistics Centre (the "**Statistics Centre**") has estimated Abu Dhabi's population to have grown by 3.0 per cent. in 2006 to 1,440,959 and by 4.5 per cent. in each of 2007, 2008 and 2009 to 1,505,488, 1,572,906 and 1,643,344, respectively.

In 2009 and based on Statistics Centre estimates, Abu Dhabi had a predominantly young population with only 0.9 per cent. being 65 and over and 22.5 per cent. being under the age of 15. The population is expected to grow at an approximate rate of 5 per cent. per annum for the foreseeable future, a level which should not require any major short-term infrastructure expansion. The population mix in 2009 is estimated by the Statistics Centre to have comprised 24.8 per cent. U.A.E. nationals and 75.2 per cent. non-nationals. The non-national population principally comprises persons from Asian and other Middle Eastern countries, with each comprising an estimated 46.7 per cent. and 25.5 per cent., respectively, of the total population in 2009.

According to the Statistics Centre, Abu Dhabi's nominal GDP per capita was approximately U.S.$90,548 in 2009 which makes it one of the highest in the Gulf region. The oil and gas industry dominates Abu Dhabi's economy and contributed approximately U.S.$73.5 billion, or 49.4 per cent., of nominal GDP in 2009. An increase in oil production rates from the 2004 rates and increased gas production rates, combined with increases in oil prices contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008. Oil prices declined significantly in the second half of 2008 and this fact was the principal reason for the decline in Abu Dhabi's nominal GDP in 2009.

Abu Dhabi's nominal GDP data was significantly revised in 2008 following an economic survey conducted for the first time in that year with a view to quantifying more accurately the Emirate's nominal GDP for 2007. As a result of this survey, Abu Dhabi's estimated nominal GDP data for 2007 was recalculated as was the data for prior years on a basis consistent with the 2007 recalculation. Abu Dhabi's nominal GDP data for 2008 is based on the outcome of an economic survey conducted in 2009, but its 2009 nominal GDP data is estimated pending the results of the 2010 economic survey being collated.

No meaningful real GDP information is currently available for Abu Dhabi as a result of historic uncertainties surrounding the calculation of inflation for the Emirate. It is anticipated that real GDP data may become available during the course of 2011.

The table below shows Abu Dhabi's nominal GDP, its percentage growth rate, the U.A.E.'s nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the U.A.E.'s nominal GDP for each of the years indicated. The revisions described above to Abu Dhabi's nominal GDP had the effect of significantly increasing its nominal GDP in each of 2006 through 2008 compared to the nominal GDP which it had previously published. This revised data for 2006 through 2008 will not be reflected in the nominal GDP for the U.A.E. as a whole in each of those years as that data, which was separately prepared by the U.A.E. National Bureau of Statistics, has not been revised to reflect the revised Abu Dhabi data. As a result, the percentage contributions of Abu Dhabi's nominal GDP to the U.A.E.'s nominal GDP for 2006 to 2008 in the table below are higher than they would have been had the U.A.E. data been revised to reflect the revised Abu Dhabi data.

	2006	2007	2008	2009
	(AED billions, except for percentage)			
Abu Dhabi nominal GDP (current price)	492.3	545.4	666.7	546.5
Percentage change in Abu Dhabi nominal GDP	28.4	10.8	22.3	(18.0)
U.A.E. nominal GDP (current prices)	643.5	758.0	934.3	914.3
Abu Dhabi as a percentage of U.A.E.	76.5	72.0	71.4	59.8

Sources: Statistics Centre (for Abu Dhabi nominal GDP) and U.A.E. National Bureau of Statistics (for U.A.E. nominal GDP only).

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed 56.2 per cent. of nominal GDP in 2005, 59.2 per cent. in 2006, 56.4 per cent. in 2007, 60.9 per cent. in 2008 and 49.4 per cent. in 2009. Outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2005, 2006, 2007, 2008 and 2009 have been: construction; real estate and business services; manufacturing; transport, storage and communications; financial institutions and insurance; and wholesale and retail trade and repairing services, which together accounted for 37.0 per cent. of nominal GDP in 2005, 35.4 per cent. in 2006, 38.3 per cent. in 2007, 34.5 per cent. in 2008 and 44.4 per cent. in 2009.

In terms of growth, the fastest growing sectors between 2005 and 2009 were construction; real estate and business services; hotels and restaurants; electricity, gas and water; and financial institutions and insurance, with compound annual growth rates ("**CAGRs**") of 20.4 per cent., 15.8 per cent., 15.6 per cent., 15.3 per cent. and 15.2 per cent., respectively.

Excluding oil and gas which are treated as being under public ownership, public administration and defence accounted for 2.9 per cent. of GDP in 2009.

The following tables show Abu Dhabi's nominal GDP by economic activity and by percentage contribution, as well as the year on year growth rate, for each of the years indicated.

	2005			**2006**			**2007**		
	(AED millions)	**(%)**	**(2005 compared to 2004, % change)**	**(AED millions)**	**(%)**	**(2006 compared to 2005, % change)**	**(AED millions)**	**(%)**	**(2007 compared to 2006, % change)**
Sector									
Crude oil and natural gas	215,455	56.2	45.9	291,464	59.2	35.3	307,445	56.4	5.5
Manufacturing	28,645	7.5	23.2	32,949	6.7	15.0	35,270	6.5	7.0
Public administration and defence	10,324	2.7	(8.2)	10,675	2.2	3.4	11,571	2.1	8.4
Construction	26,321	6.9	25.6	36,922	7.5	40.3	47,036	8.6	27.4
Real estate and business services	25,621	6.7	20.2	31,660	6.4	23.6	40,088	7.4	26.6
Wholesale, retail trade and repairing services	19,864	5.2	12.5	22,533	4.6	13.4	26,160	4.8	16.1
Financial institutions and insurance	17,988	4.7	17.6	21,119	4.3	17.4	27,294	5.0	29.2
Transport, storage and telecommunications	23,604	6.2	17.5	28,985	5.9	22.8	33,292	6.1	14.9
Agriculture, livestock and fishing	5,863	1.5	(16.1)	5,603	1.1	(4.4)	5,591	1.0	(0.2)
Electricity, gas and water	8,655	2.3	31.3	10,365	2.1	19.7	12,592	2.3	21.6
Hotels and restaurants	3,602	0.9	21.8	4,265	0.9	18.4	4,864	0.9	14.0
Other	8,925	2.3	6.8	9,375	1.9	5.0	10,398	1.9	10.9
(less imputed bank services)	(11,436)	(3.0)	25.8	(13,654)	(2.8)	19.4	(16,233)	(3.0)	18.9
Total GDP	**383,430**	**100.0**	**30.7**	**492,250**	**100.0**	**28.4**	**545,368**	**100.0**	**10.8**

	2008			2009		
	(AED millions)	(%)	(2008) compared to 2007, % change)	(AED millions)	(%)	(2009 compared to 2008, % change)
Sector						
Crude oil and natural gas	405,827	60.9	32.0	269,875	49.4	(33.5)
Manufacturing	38,862	5.8	10.2	40,521	7.4	4.3
Public administration and defence	13,703	2.1	18.4	15,952	2.9	16.4
Construction	52,353	7.9	11.3	55,228	10.1	5.5
Real estate and business services	43,209	6.5	7.8	46,037	8.4	6.6
Wholesale, retail trade and repairing services	28,363	4.3	8.4	30,132	5.5	6.2
Financial institutions and insurance	30,313	4.5	11.1	31,652	5.8	4.4
Transport, storage and telecommunications	36,646	5.5	10.1	38,822	7.1	5.9
Agriculture, livestock and fishing	5,512	0.8	(1.4)	5,496	1.0	(0.3)
Electricity, gas and water	14,165	2.1	12.5	15,295	2.8	8.0
Hotels and restaurants	5,542	0.8	13.9	6,425	1.2	15.9
Other	11,590	1.7	11.5	12,572	2.3	8.5
(less imputed bank services)	(19,353)	(2.9)	19.2	(21,351)	(3.9)	11.3
Total GDP	**666,732**	**100.0**	**22.3**	**546,476**	**100.0**	**(18.0)**

Source: Statistics Centre.

The Government's long-term sovereign credit ratings were affirmed at AA long-term and A-1+ short-term by S&P on 22 November 2010. S&P commented that the ratings on Abu Dhabi were supported by the Government's very strong asset position, which provides significant financial flexibility and which has allowed Abu Dhabi to face the global economic downturn with a high degree of resilience.

The Government's long-term foreign and local currency issuer ratings were affirmed at Aa2 and its short-term foreign and local currency issuer ratings at Prime-1 by Moody's on 23 April 2010. The reasons cited for these high investment grade ratings include a very strong government balance sheet, abundant hydrocarbon resources, high (albeit volatile) GDP per capita, domestic political stability and strong international relations. On the other hand, Moody's also noted the troubled regional political environment, the fact that Abu Dhabi has weaker institutions than other highly rated countries, its volatile GDP caused by a concentration on hydrocarbons and its substantial, in Moody's opinion, domestic contingent liabilities.

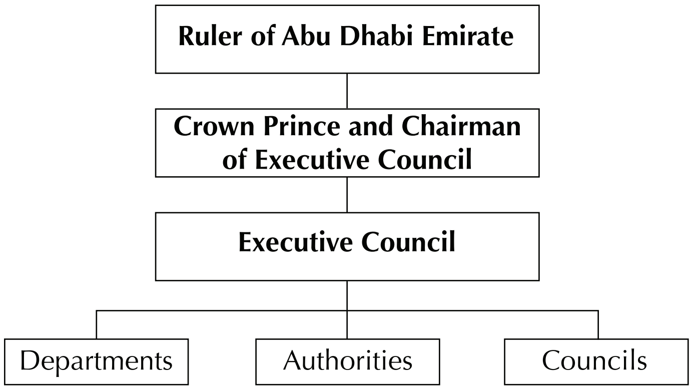
The Government's long-term foreign and local currency issuer default ratings were affirmed at AA and its short-term foreign currency issuer ratings at F1+ by Fitch on 24 September 2010. Fitch commented that Abu Dhabi's strong balance sheet enables it to weather most conceivable shocks.

Government

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan, and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan. The Crown Prince is also the chairman of the Abu Dhabi Executive Council (the "**Executive Council**"), which is the principal executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 17 members, appointed by Emiri Decree issued on 31 December 2008. TDIC's Chairman, H.H. Sheikh Sultan bin Tahnoon Al Nahyan, sits on the Executive Council.

Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Executive Council. Departments manage administration within Abu Dhabi and manage specific portfolios, including, for example, the Department of Economy and Planning, the Department of Finance, the Department of Municipal Affairs, the Department of Transport and the Judicial Department. Authorities manage the Emirate's resources and strategies and include the Abu Dhabi Accountability Authority, ADTA, the Abu Dhabi Water and Electricity Authority, the Executive Affairs Authority and the Health Authority. Councils act as controlling bodies for certain Government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards, and include the Civil Service Council, the Council for Economic Development, the Education Council, the Supreme Petroleum Council and the Urban Planning Council.

The chart below summarises the structure of the Government:



In addition to TDIC, the Government owns or has significant shareholdings in a number of other companies and institutions, the most important of which are Abu Dhabi National Oil Company ("**ADNOC**"), ADIA, Abu Dhabi Investment Council (the "**Council**"), International Petroleum Investment Company ("**IPIC**") and Mubadala. Each of these companies and institutions are wholly-owned by the Government and one or more board members of each of these companies and institutions are represented on the Executive Council.

ADNOC was established in 1971 to operate in all areas of Abu Dhabi's oil and gas industry. Since 1971, ADNOC has steadily broadened its activities establishing various companies and subsidiaries to create an integrated oil and gas industry in Abu Dhabi. ADNOC manages and oversees oil production of more than 2.2 million barrels a day which would rank it among the top ten oil and gas companies in the world (each according to ADNOC's 2009 publicised figures).

ADIA was established in 1976. The Government provides funds to ADIA on a periodic basis that are surplus to its budgetary requirements and other funding requirements. ADIA carries out its investment strategy independent of and without reference to the Government or other entities that also invest funds on the Government's behalf. In addition, at certain times, in practice only during periods of extreme and/or prolonged weakness in commodity prices, ADIA is required to make available to the Government its financial resources to secure and maintain the future welfare of Abu Dhabi.

The Council started its operations in 2007. The Council is another investment arm of the Government and is also responsible for investing the Government's financial resources. The Council is empowered by the Government with a direct investment mandate to broaden Abu Dhabi's economic base and facilitate the international development of Abu Dhabi companies.

IPIC was established in 1984. IPIC has a mandate to invest in energy and energy-related industries globally. IPIC is a long-term strategic investor and currently holds more than 15 investments in over 10 countries and on five different continents.

Mubadala was established in 2002. Mubadala is a business development and investment company mandated by the Government to act as a primary catalyst in the implementation of Abu Dhabi's development strategy in a commercial and profitable manner.

TDIC was established in 2005. TDIC is a wholly owned subsidiary of ADTA. TDIC is mandated to implement the strategy of ADTA through tourism development and is charged with fulfilling Abu Dhabi's ambition to become a leading global tourist destination. See "*Relationship with the Government*" and "*Business Description of TDIC*".

International Relations

The foreign policy of the U.A.E. is based upon a set of guiding principles, laid down by the country's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan.

The U.A.E. participates in a number of multi-lateral aid-giving institutions, including the International Bank for Reconstruction and Development, the International Development Agency, the IMF and regional bodies like the Arab Bank for Economic Development in Africa, the Arab Gulf Fund for the United Nations, the Abu Dhabi-based Arab Monetary Fund, the OPEC Fund for International Development and the Islamic Development Bank. In addition, the U.A.E. is a member of various other international organisations, including, among others, the Asia-Pacific Economic Co-operation, the GCC, the International Organisation for Industrial Development, the League of Arab States, OPEC, the Organisation of Arab Petroleum Exporting Countries, the Organisation of Islamic Countries, the United Nations, the World Health Organisation and the World Trade Organisation. In December 2009, the U.A.E. entered into a bilateral agreement with the United States for peaceful nuclear co-operation which establishes the legal framework for commerce in civilian nuclear energy between the two countries.

The U.A.E. enjoys good relations with the other states in the GCC. However, the U.A.E. has an ongoing dispute with the Islamic Republic of Iran and continuing discussions with 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 the Islamic Republic of Iran. The U.A.E. believes that the islands should be returned to the Emirate of Sharjah which claims sovereignty over them and is seeking to resolve the dispute through negotiation.

The U.A.E. 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, which the U.A.E. believes should be substantially amended. In addition, the U.A.E. is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar relating to 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, which crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited. The U.A.E. believes that this grant is in breach of existing agreements between the U.A.E. and the State of Qatar and, in June 2009, the U.A.E.'s Ministry of Foreign Affairs stated this position in a letter to the UN Secretary General.

THE ABU DHABI GOVERNMENT'S DEVELOPMENT STRATEGY

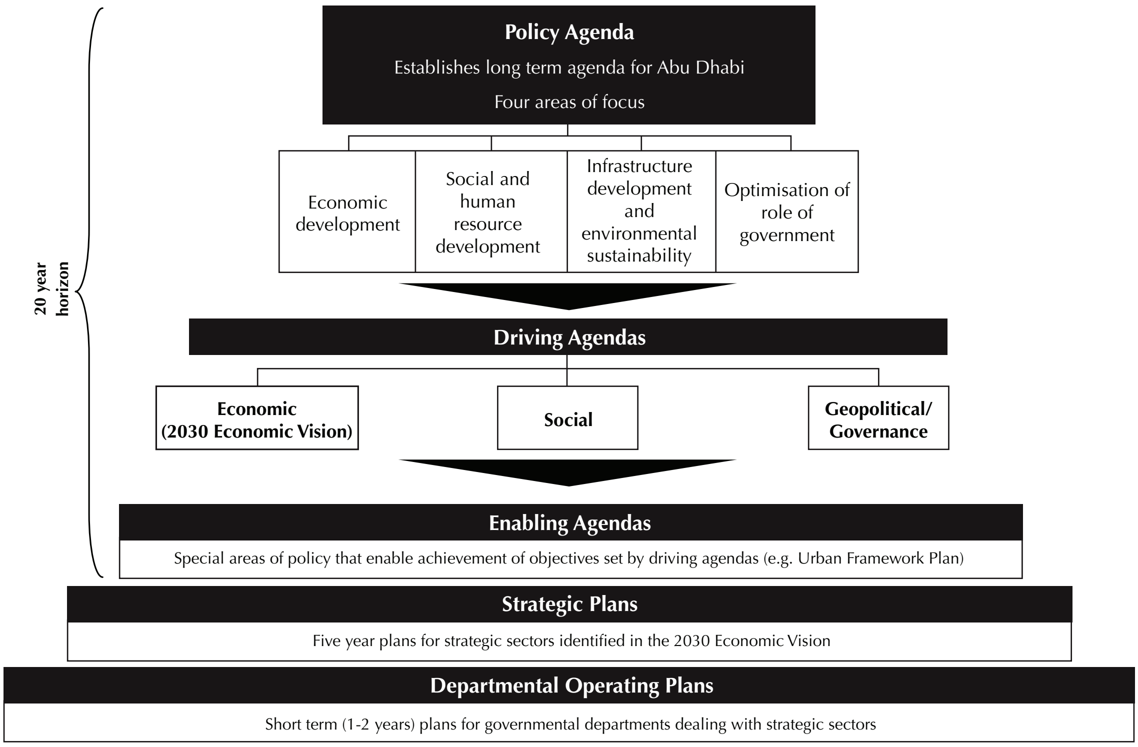
Overview

Abu Dhabi's leaders have a long-term strategy of diversifying Abu Dhabi's economy away from its reliance on oil and gas as the single major revenue source with a view to creating conditions that allow Emiratis to participate fully in the wealth of Abu Dhabi. The strategy envisages the Government moving away from being a supplier of goods and services, limiting the role of the Government to that of a facilitator and an investor in the public facilities and infrastructure needed to fulfil its vision. Accordingly, the private sector and Government-owned entities like TDIC will be used to drive the process of diversification.

TDIC was established to play an integral role in this strategy. As part of its drive to promote tourism, the Government and ADTA are undertaking several large-scale development projects through TDIC (see "*Business Description of TDIC*"). These projects will be served by an improved transport infrastructure, including an expanded airport. Given this role, TDIC has a strong relationship with the Government, which is described in more detail in "*Relationship with the Government*".

Abu Dhabi's Development Strategy

The Government's development strategy has been prepared using both a top-down and bottom-up approach, as illustrated in the diagram below:



From a top-down perspective, the Government published its Policy Agenda which established overall, long-term policy agendas to drive economic, social and geopolitical/governance change. The Policy Agenda establishes four priority areas of focus aimed at ensuring that the high-level guidelines for Abu Dhabi's socio-economic development are met:

- economic development;
- social and human resource development;
- infrastructure development and environmental sustainability; and

- optimisation of the role of the Government in the future of Abu Dhabi.

These four priority areas formed the basis of the enabling agendas identified in the diagram above.

Drawing on the Policy Agenda, the Government published its 2030 Economic Vision in January 2009, which develops the Government's strategic vision in relation to economic change over the period to 2030 in line with the overall vision articulated in the Policy Agenda. Similar strategies have also been developed in relation to the agendas for social and geopolitical/governance change identified in the Policy Agenda.

The Government has also adopted certain enabling agendas to ensure that the policy goals set forth in the Policy Agenda are achieved. The enabling agendas focus on, amongst other things, fiscal and monetary policy and trade, human resources, infrastructure and utilities and services. The Abu Dhabi 2030 - Urban Framework Plan (the "**Urban Framework Plan**") sets forth the enabling agenda for infrastructure and utilities for the city of Abu Dhabi and its surrounding areas. Similar plans have been or are being prepared in relation to Abu Dhabi's other two regions, the eastern region (Al Ain and its surrounding areas) and the western region (known as Al Gharbia).

Enabling agendas in turn set the framework for a number of medium-term (five-year) strategic plans prepared in relation to each of the strategic sectors identified in the 2030 Economic Vision (see "—*2030 Economic Vision*" below) and for each of the principal Government departments responsible for those sectors. The strategic plans for each sector have been or are being prepared on the basis of a bottom-up approach following in-depth analysis of each sector and consultations with the key enterprises in each sector. These medium-term plans are reviewed regularly to ensure that they adapt to changing circumstances and will, in turn, allow the development of short-term (one-to-two year) operating plans by the relevant Government departments.

Policy Agenda

The Policy Agenda was published by the Executive Council and outlines the key goals and Government initiatives in development across a range of authority and department portfolios in Abu Dhabi. It identifies the role public and private entities will play in the further social and economic development of Abu Dhabi and identifies opportunities for the private sector to engage with the public sector. To this end, the Policy Agenda sets out four priority areas of focus: economic development; social and human resource development; infrastructure development and environmental sustainability; and optimisation of the role of government in the future of Abu Dhabi. Each of these priority areas is underpinned by nine pillars of policy intended to form the architecture of Abu Dhabi's social, political and economic future. These nine pillars are:

- establishing a large empowered private sector;
- developing a sustainable knowledge-based economy;
- creating an optimal and transparent regulatory framework;
- continuing Abu Dhabi's strong and diverse international relationships;
- optimising Abu Dhabi's resources;
- establishing a premium educational, healthcare and infrastructure asset-base;
- ensuring international and domestic security;
- maintaining Abu Dhabi's values, culture and heritage; and
- contributing in a significant and ongoing manner to the federation of the U.A.E.

Economic Development: The strategy for economic development focuses on three core areas:

- *an economy-wide effort to raise productivity*, including expansion of the private sector through privatisation and public private partnerships, the creation of the Abu Dhabi Council for Economic Development to support ongoing dialogue between the Government and the private sector, the adoption of asset-clustering strategies, whereby a sector will be supported by a cluster of goods and services providers within and around the sector to help the development and success of the sector to help achieve an efficient and diversified economy (the initial clusters being basic industries and petrochemicals, real estate and tourism, aviation and logistics) and the establishment of The Higher Corporation for Specialized Economic Zones to promote and manage specialised economic and industrial zones and provide infrastructure to stimulate non-oil economic sectors;
- *diversifying the energy sector and the economy*, with a focus on strengthening downstream (refining, transportation and distribution) capabilities through the application of better processes, products and technologies, expanding the proportion of value-added exports such as refined and semi-refined products in the petrochemicals sector in particular, pursuing geographic diversification through strategic investments in upstream and downstream hydrocarbon assets outside the U.A.E. through entities such as IPIC and leveraging activities in the hydrocarbon sector to diversify into new industrial activities; and
- *development of a high-end tourism market*, aimed at attracting 3.2 million visitors per year by 2015. The strategy focuses on three main areas: marketing Abu Dhabi globally as a tourist destination; developing tourism infrastructure and upgrading Abu Dhabi's tourist attractions and services; and overseeing the tourism sector including in terms of licensing and quality control.

Social and Human Resource Development: The Government is focusing on developing its human and social capital through improvements in education and healthcare, effective management of labour resources, raising standards in the civil service, increasing the awareness of U.A.E. nationals of their culture and heritage and improvements in food safety, hygiene and quality.

Infrastructure Development and Environmental Sustainability: The Government is focusing on improvements particularly in the fields of urban planning, transport, the environment, health and safety, municipal affairs and police and emergency services.

Optimisation of role of Government: A Government sector restructuring envisaged in the Policy Agenda has been undertaken to increase local government's efficiency and effectiveness by delivering services based on transparent, consistent and coherent policies and processes. The restructuring programme, which was completed in 2008, marks a transition from a centralised decision-making process to a more streamlined approach characterised by the decentralisation of authority and decision-making. Significant tangible outcomes of the restructuring include the reduction of Abu Dhabi municipality employees from around 30,000 before the restructuring to around 3,000 at the end of 2009 as a result of outsourcing, enhanced private sector involvement in education and healthcare and decentralisation of decision making from the Abu Dhabi Department of Finance to other governmental departments.

2030 Economic Vision

Based on the principles set out in the Policy Agenda, in January 2009, the Government announced a long-term vision to turn Abu Dhabi into a knowledge-based economy and reduce its dependence on the oil sector. The 2030 Economic Vision is a comprehensive plan to diversify Abu Dhabi's economy and grow the contribution of the non-oil sector significantly by 2030 with a view to reaching equilibrium between oil and non-oil trade by 2028. It examines the current economic environment in Abu Dhabi and identifies key areas for improvement in order to achieve the goals laid out in the Policy Agenda. The 2030 Economic Vision identifies two underlying economic policy priorities: the need to build a sustainable economy; and the need to ensure that social and regional development is balanced to bring the benefits of economic growth and well-being to the entire population of Abu Dhabi.

For both of these economic policy priorities, a number of specific core economic objectives have been identified. These include enhancing competitiveness, productivity and diversification, which is intended to reduce the volatility of growth; enlarging the enterprise base by encouraging entrepreneurs, small enterprises and foreign direct investment; and enabling the development of new national champion enterprises to act as economic anchors. In addition, to ensure that social and regional development reaches all sections of society, the 2030 Economic Vision envisages action to enable Abu Dhabi's youth to enter the workforce, to maximise the participation of women and to continue to attract skilled labour from abroad.

In addition to the economic policy priorities and the core economic objectives, seven areas of specific economic focus have been identified, each having additional specific objectives that must be achieved in order for the Government's stated economic vision to be realised. The seven areas of economic focus are:

- building an open, efficient, effective and globally integrated business environment;
- adopting a disciplined fiscal policy that is responsive to economic cycles;
- establishing a resilient monetary and financial market environment with manageable levels of inflation;
- driving significant improvements in the labour market;
- developing a sufficient and resilient infrastructure capable of supporting the anticipated economic growth;
- developing a highly skilled and highly productive workforce; and
- enabling financial markets to become the key financiers of economic sectors and projects.

The 2030 Economic Vision aims to achieve its goals by focusing resources on twelve sectors to drive Abu Dhabi's future growth. These sectors are:

- oil and gas;
- petrochemicals;
- metals;
- aviation, aerospace and defence;
- pharmaceuticals, biotechnology and life sciences;
- tourism;
- healthcare equipment and services;
- transportation, trade and logistics;
- education;
- media;
- financial services; and
- telecommunications services.

The Cultural District of Saadiyat, with its planned cluster of world-renowned museums, cultural and educational institutions is particularly referenced in the 2030 Economic Vision as being of significance to the planned expansion and upgrading of Abu Dhabi's tourism and cultural offering. See "*Business Description of TDIC*".

The 2030 Economic Vision seeks to grow Abu Dhabi's GDP by an average of seven per cent. per annum through 2015, and thereafter to stabilise growth at an average of six per cent. per annum, for a total growth in GDP of over 500 per cent. by 2030. This growth is not expected to be consistent throughout the period as different economic cycles and the fluctuation in oil prices will mean that rates of growth will vary from time to time. The Government also intends to foster non-oil GDP growth at a higher rate than that of the oil sector, with a goal of reaching equilibrium in oil and non-oil trade by 2028. These economic gains are expected to be achieved with the support of a sound monetary and fiscal policy designed to support Abu Dhabi's businesses in increasingly competitive global markets. However, no assurance can be given that these economic gains will be achieved as anticipated or at all.

Urban Framework Plans

In September 2007, the Executive Affairs Authority of Abu Dhabi published the Urban Framework Plan, a significant urban planning initiative intended to articulate an urban plan to guide the evolution of the city of Abu Dhabi to the year 2030. The Urban Framework Plan sets an environmental context within which urban development should be undertaken, confirms an urban structure of land use, transportation, open space, built form and national capital arrangements. It does not provide specifications for any particular site, but rather guiding principles for the overall development of the city of Abu Dhabi. Similar plans have been prepared for the eastern region and the western region of Abu Dhabi. Together, these plans cover the entire Emirate of Abu Dhabi.

The Urban Framework Plan anticipates two distinct phases of development. The initial phase is intended to extend to 2015 and focuses on establishing the structural framework for future growth, such as transit and infrastructure, and to address areas of acute pressure. The two principal developments to be undertaken in this phase are the Central Business District development on Sowwah Island and the development of the Capital District. The second phase extends from 2015 to 2030 and is expected to be principally concerned with accommodating an expanding economy and population through the development of higher density housing and the expansion of development within the industrial areas.

The Urban Framework Plan recommends supplementing existing areas of the city of Abu Dhabi with a number of new, distinct zones and expanding the city's transport system into a multi-layered network that connects the downtown core with new growth nodes and the developed islands. The aim of the Urban Framework Plan is to allow the city to expand through sustainable development, with controlled growth and coordinated development. Sustainability under the Urban Framework Plan is envisaged to revolve around the natural environment, economic development and cultural heritage.

Although Abu Dhabi has an abundance of fossil fuels, the Urban Framework Plan recognises this as a finite resource and regards diversification of the economy as necessary. The Urban Framework Plan promotes capitalising on the region's natural supply of solar and wind power to augment its fossil fuel driven economy. It also seeks to monitor carefully the balance between supply and demand of real estate in order to try to avoid sudden market corrections.

Effect of Recent Developments on the Development Strategy

As a result of the global financial crisis and its impact on Abu Dhabi's economy in 2009, a re-assessment of certain goals set out in the 2030 Economic Vision, including in particular the planned GDP growth and the population assumptions underlying the 2030 Economic Vision, is being undertaken. Whilst the long-term strategy remains in place, the Government is focusing on ensuring that financial discipline is maintained and identifying specific projects which, in light of changed circumstances, may be deferred or adapted to reflect those circumstances. An example relates to certain planned public transport improvements in Abu Dhabi which are likely to be deferred given the slowdown in current and anticipated population growth as a result of the global financial crisis.

Certain information set out below derives from research published by Jones Lang LaSalle (*on.point – Abu Dhabi City Profile – April 2011)*.

Introduction

TDIC plays a central role in the implementation of Abu Dhabi's long-term strategy to diversify its economy away from its reliance on oil and gas revenues through its master development of infrastructure, cultural, hospitality, leisure, commercial/mixed-use and residential projects that enhance Abu Dhabi's high-end tourism market. This strategy is also detailed in the Policy Agenda, 2030 Economic Vision and Urban Framework Plan.

In particular, the Policy Agenda recognises TDIC as the entity responsible for the development of many of the assets in Abu Dhabi that are being put in place to meet the targeted tourist demand of 3.2 million visitors per year by 2015. See "*The Abu Dhabi Government's Development Strategy*" "*Relationship with the Government*" and "*Business Description of TDIC*".

Overview of the Abu Dhabi Real Estate Market

The Abu Dhabi real estate market, like other GCC real estate markets, was impacted by the global economic slowdown, with the market decline beginning in late 2008. This resulted in a reduction in investor confidence, the tightening of liquidity and deceleration across all real estate sectors, with asset prices falling substantially from their 2008 peaks.

Whilst this correction has caused many real estate investors and developers in the GCC to suffer short-term financial losses, the impact has been less dramatic in Abu Dhabi in comparison to other regional markets. This is because the slowdown occurred after only a few years of growth (and therefore there was a limited supply over-hang in Abu Dhabi) and also because of investor confidence in Abu Dhabi's longer-term growth potential compared to other regional markets. See "*Overview of the U.A.E. and Abu Dhabi*" and "*The Abu Dhabi Government's Development Strategy*".

The market correction has also had a positive impact on the local real estate industry. Developers have been forced to re-assess and rationalise their projects due to liquidity constraints, resulting in re-phased and downscaled plans. Additionally, the economic slowdown has allowed the Government to re-focus on the design and implementation of regulatory reforms required to improve transparency and drive demand. See "*— Abu Dhabi Real Estate Laws*" below.

Office Sector

By the end of 2013, significant office space will be delivered to the market, with Jones Lang LaSalle predicting that the total supply of office space across the city will grow by approximately 1.2 million square metres, from its current level of approximately 2.3 million square metres, to 3.5 million square metres. Over 50 per cent. of this new office space will be within large-scale, mixed-use projects and tower buildings and most of the upcoming supply will be Grade "A" or Grade "B" buildings, which will address the current shortage of quality office space. However, most of this upcoming supply has already been earmarked for specific Government-backed developments or originates from organisations moving into their own purpose-built headquarters.

Over the coming year, Jones Lang LaSalle predicts that declining rents will stimulate upgrading activity as the majority of leasing activity will originate from quality-conscious organisations seeking to consolidate or upgrade their existing facilities in Abu Dhabi.

Jones Lang LaSalle also anticipate that average vacancy rates will continue to rise throughout 2011, with vacancy patterns by building evolving quickly. A large proportion of vacant space is now in recently completed buildings, which will attract tenants looking to upgrade, leaving higher vacancies over time in older, poorly managed buildings.

Hospitality Sector

Hotel supply in Abu Dhabi is expected to increase significantly over the next few years in line with the Government's objective of developing tourism, with the existing hotel stock expected to nearly double by 2013. Jones Lang LaSalle believes that large-scale tourism projects such as the Rocco Forte Abu Dhabi and the St. Regis Saadiyat Resort will enhance the leisure offering and invigorate demand, marking a supply shift from conventional business hotels to city resorts. See "*Business Description of TDIC*".

The corporate sector remains the strongest component of the Abu Dhabi hospitality sector, with the general business and meetings, incentives, conferences and exhibition sectors accounting for over 80 per cent. of all visitors to Abu Dhabi in 2010. Abu Dhabi's emerging status as host for international exhibitions and conferences is reflected in the growth of visitor arrivals and hotel guests anticipated by ADTA in the coming years. Jones Lang LaSalle believes that whilst current developments will lead to a broadening of the leisure offering, hotel demand will remain tightly linked to the business sector in the short-to medium-term.

According to Jones Lang LaSalle, the strongest potential for medium-term growth is in the relatively untapped leisure segment. Corresponding with the Government's strategy to diversify the economy and develop the tourism industry, the hotel sector will continue to benefit from strong Government support and on-going campaigns to promote tourism for Abu Dhabi. See "*The Abu Dhabi Government's Development Strategy*".

While growth in leisure travel will result in a significant growth in demand for hotel rooms, this growth will likely be below the proposed increase in the supply of hotel rooms, which will put downward pressure on occupancy rates in 2011 and 2012, although longer visitor stays may somewhat offset this trend.

Residential Sector

The disparity between supply and demand in Abu Dhabi's residential market currently varies by segment; while significant latent demand exists in the under-supplied affordable and middle-income sectors, the high-income market is moving into over-supply.

Despite a large proportion of the residential pipeline announced in 2008 being cancelled or delayed as a result of changing market conditions, Jones Lang LaSalle expects the current supply of approximately 188,800 residential units (excluding labour accommodation) to increase to around 250,000 residential units by the end of 2013, approximately 68 per cent. of which will be apartments.

Although rental rates have adjusted downwards since their peak in 2008, rental rates still remain relatively high in comparison to the Emirate of Dubai, due to the shortage in the supply of affordable and mid-market residential units.

Jones Lang LaSalle predicts that over the next two years high-end supply expansion in Abu Dhabi, combined with the Emirate of Dubai effect (whereby falling rents in the Emirate of Dubai impact upon Abu Dhabi's rental rates, together with the increasing trend for Abu Dhabi workers to commute from the Emirate of Dubai) will push Abu Dhabi rents down, catalysing demand for higher quality, single occupancy units. In addition, new supply, in areas like Al Raha Beach and Reem Island, will improve options for high-income residents, leading to an increasing demand for residents wishing to upgrade their accommodation and thereby increasing vacancy rates in lower quality accommodation. As a result, lower overall accommodation costs should improve the competitiveness of the residential real estate market in Abu Dhabi, drawing commuters back from the Emirate of Dubai and lowering employment costs for companies.

Retail Sector

The total retail stock across Abu Dhabi city equates to approximately 1.5 million square metres of gross leasable area ("**GLA**"). The majority of this space is in street front stores located outside of enclosed malls, with major retail centres representing only 42 per cent. of total supply.

However, Jones Lang LaSalle estimate that the present stock will grow to approximately 2.1 million square metres of GLA by the end of 2013, with the addition of a number of major new centres, such as Bawabat Al Sharq Mall in Baniyas, Paragon Mall on Reem Island and Mushrif Mall on Airport Road. Delma Mall in Mussafah was the last major retail centre completed, delivering a total of 150,000 square metres of GLA through 2010.

Jones Lang LaSalle observe that the Abu Dhabi retail market has experienced a significant shortage of quality retail space. As a result, the existing retail market is currently experiencing high occupancy rates, with regional malls on Abu Dhabi island experiencing over 95 per cent. occupancy and maintaining waiting lists of retailers seeking to expand their presence in Abu Dhabi. However, many retail tenants have found it challenging to generate sufficient revenues to support their target sales/rent ratios putting downward pressure on average retail rentals. Jones Lang LaSalle expects this pressure to likely result in average rentals declining through 2011 as new supply enters the market and provides greater choice to retail tenants. In addition, the lack of current supply in Abu Dhabi has resulted in many shoppers commuting to the Emirate of Dubai, which currently offers a wider and more varied range of retail centres and malls.

Abu Dhabi Real Estate Laws

Overview

In 2005, Abu Dhabi commenced the process of the enactment of new and specific property-related legislation. To date the key real estate legislation that has been passed is as follows:

- Law No. (3) of 2005 regulating the registration of real property in Abu Dhabi;
- Law No. (19) of 2005 regarding property ownership (as amended by Law No. (2) of 2007) (the "**Property Ownership Law**"); and
- Law No. (20) of 2006 concerning the rent of places and regulation of the landlord/tenant relationship in Abu Dhabi.

Property Ownership

The Property Ownership Law provides, according to nationality, for a distinction between the types of ownership permitted within Abu Dhabi, as follows:

- U.A.E. nationals, companies wholly owned by them and entities designated by a decision of the Executive Council, have a right to own land throughout Abu Dhabi;
- nationals of the GCC, which comprises the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, the State of Qatar, the Sultanate of Oman and the U.A.E., and companies wholly owned by them, have a right of ownership of land within the "Investment Zones", which are areas designated as such from time to time by the Executive Council; and
- persons that are not U.A.E. or GCC nationals ("**Non-Nationals**") or, in the case of a company, has any shareholding that is owned by Non-Nationals, have a right of ownership of property only within "Investment Zones" and only by way of "floors". Ownership of the underlying land is not permitted. However, Non-Nationals may also be granted the following rights of usage: (i) usufruct over land or buildings for a maximum of 99 years; and (ii) the right to build (commonly referred to as "*musataha*") on land for a maximum term of 50 years ("**Non-National Property Rights**"). Non-National Property Rights are renewable for a similar term by mutual agreement. Saadiyat is a designated "Investment Zone" and, as such, Non-Nationals are permitted to be

granted Non-National Property Rights. See "*Business Description of TDIC — Overview of Significant Projects*".

Notwithstanding the restrictions on ownership for Non-Nationals, the Executive Council may, by designation, grant to any person or company (foreign or otherwise), the right to own property anywhere in Abu Dhabi.

The above-mentioned laws (the "**Property Laws**") provide a framework for regulating ownership, transfer and use of property in Abu Dhabi and included within the Property Laws are references to the passing of future implementation regulations. Further legislation has been issued by the Executive Council including Resolution No. 64 of 2010 Concerning Property Ownership Regulations clarifying the Property Ownership Law. TDIC understands that a number of new laws are being considered for enactment during the course of 2011, including legislation relating to a strata and community title regime, establishing a regulator for the real estate industry and establishing a framework for off-plan sales (which includes escrow arrangements and an interim register).

RELATIONSHIP WITH THE GOVERNMENT

Overview

TDIC was established in October 2005 as a wholly owned subsidiary of ADTA, the Government authority mandated to support the Government's vision of economic diversification in Abu Dhabi through tourism development. Formed as an independent organisation, TDIC is mandated to implement the strategy of ADTA. The Government's goal is to ensure that assets and attractions of the highest quality are in place to meet expected tourist demand and TDIC has been established to develop many of these assets. TDIC has already been instructed by the Government to work on several of the most prominent and strategic projects encompassed in the 2030 Economic Vision, including the development of Saadiyat and the Desert Islands.

Although TDIC has autonomy in the execution of individual projects, its mandate is to implement ADTA's development initiatives and each project TDIC is currently developing has been mandated by the Government. TDIC has also directly partnered with the government of the U.A.E. in the development of certain of its projects. For example, in connection with TDIC's development of the Louvre Abu Dhabi Museum, TDIC is responsible for executing the terms of an inter-governmental agreement between the government of the U.A.E. and the government of France, which sets the groundwork for the creation of the Louvre Abu Dhabi Museum. See "*Material Contracts – Museum Contracts – Louvre Abu Dhabi Museum – L'Etablissement Public du Musée du Louvre*".

The Chairman of the Board of Directors of ADTA and TDIC, H.H. Sheikh Sultan bin Tahnoon Al Nahyan, is also a member of the Executive Council. Other members of TDIC's Board of Directors include board members of other significant Government-owned companies and institutions, including, amongst others, Abu Dhabi Airports Company, ADIA, Abu Dhabi Authority for Culture and Heritage ("**ADACH**"), Abu Dhabi National Exhibitions Company ("**ADNEC**"), ADTA, Emirates Telecommunications Corporation ("**Etisalat**"), Etihad Airways, General Holding Company and Waha Capital. In addition, one of TDIC's directors has been appointed by decree as the General Manager of the Municipality of Abu Dhabi. See "*Management – Members of the Board of Directors*".

TDIC's Board of Directors is specifically charged with approving all investments and projects undertaken by TDIC, regardless of size. The Board of Directors is also updated regularly on the status of its investments and projects.

Funding, Support and Oversight from the Government

Since its establishment, TDIC has received a significant amount of Government contributions to support its operations. From inception to 31 December 2010, Government contributions have consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100 million and contributions of land and other assets of AED 18.6 billion), monetary grants of AED 4.4 billion and Government loans of AED 3.6 billion. In the future, TDIC expects to continue to receive significant financial support from the Government.

There is no specific budget to determine the amount of funding TDIC receives from the Government. TDIC receives funding from the Government from time to time and expects to continue to do so in the future in order to implement the strategy of ADTA. See "*Business Description of TDIC – Funding Principles and Requests for Government Financial Support*".

TDIC believes that the Government views its stake in TDIC as a long-term investment. TDIC has not paid any dividends to the Government to date, nor is TDIC aware of any plans by the Government to make such a request in the foreseeable future.

TDIC's financial statements are periodically audited by the Abu Dhabi Accountability Authority. The Abu Dhabi Accountability Authority has the ability to audit any company in which the Government owns more than a 50 per cent. stake.

Also, TDIC co-ordinates with the Abu Dhabi Department of Finance and its Debt Management Office regarding the levels of its current indebtedness. As a result, the Government is aware of and updated regularly on the levels of TDIC's indebtedness.

TDIC believes that the establishment and update of the Programme is helping TDIC to fulfil its mandate to support tourism development. The Programme will continue to allow TDIC to: (i) diversify its sources of funding to complement the funding it receives through Government financial support and the senior bank funding market; (ii) provide further accountability, financial discipline and transparency to its operations that will enhance its growth as a commercial enterprise; and (iii) provide exposure to international investors and global markets. In addition, the Programme allows TDIC to obtain funding in a number of currencies, issue debt with a range of maturities and take advantage of market conditions as they arise.

Government statement of support for TDIC

While the Government does not guarantee the obligations of TDIC (including any Notes issued under this Programme), the Abu Dhabi Department of Finance, as authorised by H.E. Hamad Al Hurr Al-Suwaidi, Undersecretary of the Department of Finance, issued a statement on 5 March 2010 stating that:

- TDIC (together with IPIC and Mubadala) is wholly owned by the Government, plays a crucial role in the Government's strategy for diversifying the economy and is irreplaceable;
- in terms of credit risk, it is impossible to differentiate between the Government and TDIC; and
- the Government backs TDIC fully and unconditionally.

TDIC's role in Abu Dhabi's Economic Strategy

Abu Dhabi's development strategy is centred around four priority areas: economic development; social and human resource development; infrastructure development and environmental sustainability; and optimisation of the role of the Government. See "*The Abu Dhabi Government's Development Strategy*".

TDIC plays an important role in each of the four pillars of the Government's development strategy. In addition, TDIC's management believes that each of its developments are master planned and designed to conform to the underlying principles of the strategic goals of the Government. In particular, TDIC believes that its business and developments contribute to the following specific goals and initiatives of each of the pillars of the Policy Agenda:

Economic Development

TDIC plays an important role in the Government's economic development strategy through the development of assets for the high-end tourism market in Abu Dhabi. TDIC's role is recognised in the Policy Agenda, where it is highlighted as the entity responsible for developing significant tourism properties and attractions including the related infrastructure in Abu Dhabi, for example, in respect of Saadiyat.

Social and Human Resource Development

TDIC has a key role in social and human resources development, in overseeing the development of Saadiyat and with it, its Cultural District, designed to become one of Abu Dhabi's leading cultural attractions. The Cultural District is mentioned in the Policy Agenda as playing an integral role in Abu Dhabi's vision to become a world-class cultural destination and a domestic resource for education and cultural development.

Infrastructure Development and Environmental Sustainability

TDIC plays an important role in the Government's infrastructure development and environmental sustainability strategy having been entrusted with overseeing the development of all major infrastructure developments for Saadiyat and Sir Bani Yas Island, as well as other key infrastructure projects such as the Hodariyat Crossing. TDIC has also been responsible for implementing key environmental strategies in relation to eco-tourism on Saadiyat, Sir Bani Yas Island and the associated nature reserves.

Optimisation of role of Government

Through its developments, TDIC adds to Abu Dhabi's strategy for job creation and local Emirati-skills development. An example of this is the Desert Islands Education Centre, established in 2008, which gives residents of Dalma Island access to higher education, allowing them to improve their skills through a range of over fifty courses, including English language, business, computing, tourism and vocational courses.

In addition, TDIC is committed to recruiting U.A.E. nationals of the highest calibre, and to provide them with the opportunity to develop their careers through professional training programmes.

See "*Business Description of TDIC – Overview of Significant Projects*" for a summary of the major projects being undertaken by TDIC.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The selected historical consolidated financial data as at 31 December 2010 and as at and for the financial years ended 31 December 2009 and 31 December 2008 set forth below have been derived from the Financial Statements and the related Notes thereto appearing elsewhere in this Base Prospectus. The Financial Statements have been prepared in accordance with IFRS.

The selected historical consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements and the related Notes thereto appearing elsewhere in this Base Prospectus. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

Balance Sheet Data

	As at 31 December		
	2010	**2009**	**2008**
	(AED thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	15,745,931	10,023,261	5,017,099
Investment properties	13,592,339	1,312,600	2,295,299
Investments in associates	866,945	564,868	672,412
Long-term receivables	2,304	2,654	3,004
Total non-current assets	**30,207,519**	**11,903,383**	**7,987,814**
Current assets			
Development work-in-progress	4,352,451	18,668,826	16,833,516
Inventories	6,375	4,419	2,008
Trade and other receivables	1,636,028	1,912,882	603,377
Prepayments	240,215	153,344	26,035
Cash and bank balances	2,975,512	4,371,108	920,342
Total current assets	**9,210,581**	**25,110,579**	**18,385,278**
Total assets	**39,418,100**	**37,013,962**	**26,373,092**
EQUITY AND LIABILITIES			
Equity			
Total equity	**16,668,299**	**17,823,797**	**18,287,074**
Non-current liabilities			
Derivative liability	85,024	59,398	77,050
Provision for employees' end-of-service benefits	21,170	10,704	7,480
Advances from customers	1,576,936	1,192,381	994,251
Bank borrowings – long-term	2,205,000	200,000	1,822,064
Non-convertible bonds and sukuk	7,319,792	7,311,705	—
Other long-term payables	—	547,008	—
Government loans	2,787,770	1,605,585	—
Deferred government grants	5,213,629	4,047,118	1,886,497
Total non-current liabilities	**19,209,321**	**14,973,899**	**4,787,342**
Current liabilities			
Trade and other payables	2,455,512	2,191,168	2,235,335
Deferred government grants	84,968	99,615	22,465
Bank borrowings – short-term	1,000,000	1,922,064	1,000,000
Bank overdrafts	—	3,419	40,876
Total current liabilities	**3,540,480**	**4,216,266**	**3,298,676**
Total liabilities	**22,749,801**	**19,190,165**	**8,086,018**
Total equity and liabilities	**39,418,100**	**37,013,962**	**26,373,092**

Income Statement Data

	For the financial year ended 31 December		
	2010	**2009**	**2008**
	(AED thousands)		
Revenues	347,200	235,107	435,575
Direct costs	(249,970)	(203,356)	(468,273)
Gross profit/(loss)	**97,230**	**31,751**	**(32,698)**
Abu Dhabi Government contribution	75,000	75,000	75,000
Deferred government grant amortisation	99,615	22,465	1,375
Share of losses of associates	(1,122)	(7,544)	—
Share of increase in the value of associate contributions	303,199	—	—
Administration expenses	(1,198,113)	(673,212)	(339,060)
Management fees	(3,552)	(2,102)	(1,363)
Loss on sale of property, plant and equipment	(82)	(765)	(313)
Impairment loss	(35,996)	—	—
(Loss)/gain on revaluation of derivative instruments	(25,626)	17,652	(77,050)
Finance costs	(580,439)	(127,562)	(17,976)
Finance income	73,828	107,517	22,930
Gain/(loss) on foreign exchange	20,289	(18,216)	—
Other income	20,271	24,007	575
Net loss for the year	**(1,155,498)**	**(551,009)**	**(368,580)**
Total comprehensive loss for the year	**(1,155,498)**	**(551,009)**	**(368,580)**

Cash Flow Data

	For the financial year ended 31 December		
	2010	**2009**	**2008**
	(AED thousands)		
Net cash (used in)/generated from operating activities	(828,095)	(2,817,909)	(494,470)
Net cash (used in)/generated from investing activities	(2,285,343)	(6,759,211)	(2,518,498)
Net cash from financing activities	2,762,070	11,024,534	2,763,337
Net (decrease)/increase in cash and cash equivalents	(351,368)	1,447,414	(249,631)
Cash and cash equivalents at beginning of year	2,326,880	879,466	1,129,097
Cash and cash equivalents at end of year	1,975,512	2,326,880	879,466

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

The following discussion and analysis of TDIC's financial condition and results of operations should be read in connection with the Financial Statements and the related Notes thereto, included elsewhere in this Base Prospectus. These financial statements have been prepared in accordance with IFRS. The following discussion and analysis should also be read in conjunction with the information set out in "Presentation of Financial and Other Information" and "Selected Historical Consolidated Financial Information".

The following discussion of TDIC's financial condition and results of operations contains forward-looking statements that are based on assumptions about its future business development and therefore involve risks and uncertainties. As a result of many factors, including the risks set forth in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" and elsewhere in this Base Prospectus, TDIC's actual results may differ materially from those anticipated by these forward-looking statements.

Results of operations for the Issuer have not been included below as the entity has no operating or reporting history.

Overview

TDIC plays a central role in the implementation of Abu Dhabi's long-term strategy to diversify its economy away from its reliance on oil and gas revenues through its master development of infrastructure, cultural, hospitality/leisure, residential and commercial/mixed-use projects that enhance Abu Dhabi's high-end tourism market. This strategy is detailed in the Policy Agenda, 2030 Economic Vision and the Urban Framework Plan. The Policy Agenda recognises TDIC as the entity responsible for the development of many of the assets in Abu Dhabi that are being put in place to meet expected tourist demand. TDIC serves as the implementation arm of ADTA, a Government authority that is TDIC's sole shareholder.

TDIC does not source or consider projects on its own, but instead it develops projects on behalf of the Government. TDIC currently has 69 projects under various phases of design and development. As of 31 December 2010, TDIC had budgeted consolidated total capital costs of over AED 56.0 billion for the 2010-2015 period, of which consolidated capital costs of AED 18.3 billion had been spent as of 31 December 2010.

Strategic and Commercial Projects

TDIC's projects can be generally classified into two categories, either strategic or commercial. TDIC's strategic projects are primarily those in the infrastructure and cultural areas, but can also include portions of hospitality/leisure and commercial/mixed-use projects that require significant infrastructure investment. These projects are characterised by their overall strategic importance to the Abu Dhabi tourism infrastructure and the overall infrastructure of TDIC's master developments. Due to the strategic and non-commercial nature of these projects, and the overall importance of such projects to the Government's strategic plans, these projects generally benefit from either partial or complete Government financial support and are, therefore, non-speculative in nature. See "*Business Description of TDIC – Funding Principles and Requests for Government Financial Support*".

TDIC's commercial projects, on the other hand, tend to focus on the hospitality/leisure, residential and commercial/mixed-use sectors and are generally undertaken with a view to producing economic returns and, as such, tend not to benefit from substantial Government financial support and are more market-driven. TDIC's commercial projects have been, and are expected to be, limited to the planning, development and sale of hospitality/leisure, residential and commercial/mixed-use properties. TDIC also sells development land to third parties from land and properties that have been contributed to TDIC by the Government. TDIC undertakes a careful screening and selection process to ensure properties are sold to, or operated by, individuals and entities that help support or are otherwise complimentary to the Government's strategic projects and objectives.

TDIC recognised revenue, which relates solely to its commercial activities, of AED 347.2 million, AED 235.1 million and AED 435.6 million for the financial years ended 31 December 2010, 2009 and 2008, respectively. TDIC recognised gross profit of AED 97.2 million and AED 31.8 million for the financial years ended 31 December 2010 and 2009, respectively, and a gross loss of AED 32.7 million for the financial year ended 31 December 2008 on these activities.

Financial Support from the Government

TDIC's projects are significantly funded through Government financial support in the form of: (i) capital contributions (including monetary and non-monetary contributions); (ii) monetary grants; and (iii) other forms of financial support.

Capital contributions form part of the equity base of TDIC and are received from the Government in two forms:

- *Monetary capital contributions*, which to date comprise the initial capital injection of AED 100.0 million received in the financial year ended 31 December 2006.

- *Non-monetary capital contributions*, which include both land and other assets that are recorded at fair value. Land and other assets received that have an immediate value to TDIC, are available to TDIC to use at its own discretion without any specific requirements or restrictions, are located in extremely valuable areas of Abu Dhabi and are contributed by ADTA instead of through the Government. Such land or other asset grants are recorded at fair value. TDIC received non-monetary contributions of AED 87.7 million and AED 1,059.7 million for the financial years ended 31 December 2009 and 2008, respectively, and nil for the financial year ended 31 December 2010.

Monetary grants are received from the Government in three forms:

- *Deferred monetary grants* are received to purchase, construct or otherwise acquire non-current assets. These grants are recognised as deferred income on TDIC's statement of financial position and transferred to profit or loss on a straight-line basis over the useful lives of the assets, once completed. TDIC received deferred monetary grants of AED 613.1 million, AED 1,865.8 million and AED 1,762.0 million for the financial years ended 31 December 2010, 2009 and 2008, respectively. TDIC recognised AED 99.6 million, AED 22.5 million and AED 1.4 million from the deferred income recorded as a result of these grants as at 31 December 2010, 2009 and 2008, respectively.

- *Cash monetary grants* are received to fund the current operations and costs associated with the operation of Sir Bani Yas Island (part of Desert Islands). These grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate. TDIC received monetary grants of AED 75.0 million in each of the financial years ended 31 December 2010, 2009 and 2008 and has been granted a further AED 75.0 million for 2011. There can be no assurance, however, that TDIC will receive equivalent amounts, or any cash monetary grants at all, in future periods.

- *Land grants* provide TDIC with the assets it develops and/or sells or leases. These land grants are located throughout Abu Dhabi on land which requires significant investment to derive value therefrom. Such land grants are recorded at nominal value that approximates the value prior to development, provided that, there is reasonable assurance that the asset will be received and TDIC will comply with any attached conditions, where applicable. TDIC has historically assigned a nominal value of AED 1.0 to such assets.

Other forms of financial support that TDIC receives from the Government are as follows:

- Government loans on terms favourable to TDIC. TDIC received AED 1,066.0 million and AED 2,547.0 million of outstanding Government loans on terms favourable to TDIC for the financial years ended 31 December 2010 and 2009, respectively. Government loans are subordinated to TDIC's other indebtedness and have maturity dates in 2028. The benefit of Government loans at a below-market rate of interest is treated as a Government grant, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates at the time the loan was originated.

- Other grants as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to TDIC with no future related costs. These grants are recognised in profit or loss in the period in which they become receivable.

The table below sets forth TDIC's primary sources of funding and the significant uses of funds received for each of the periods indicated.

	For the financial year ended 31 December		
	2010	**2009**	**2008**
	(AED thousands)		
Capital contributions			
Monetary	—	—	—
Non-monetary	—	87,732	1,059,679
Government grants			
Deferred monetary	613,142	1,865,821	1,761,962
Monetary	75,000	75,000	75,000
Land and assets	—	—	—[1]
Government loans			
Monetary	1,065,992	2,547,008[2]	—
Commercial borrowing			
Bank borrowings[3]	3,205,000	300,000	1,000,000
Acquisition of property, plant and equipment	(3,371,130)	(4,774,332)	(2,441,745)
Increase in development work-in-progress	(506,343)	(1,102,779)	(2,319,861)

(1) During the financial year ended 31 December 2008, TDIC received three plots of land treated as Government grants that were used to develop the land surrounding the Mirfa Hotel and two plots near Jabal Dhanna.

(2) During the financial year ended 31 December 2008, TDIC received AED 547.0 million of this amount in the form of a Government advance, pending the finalisation of the terms and conditions of the debt. During 2010, following the finalisation of these terms, this amount was reclassified as a Government loan. See Note 20 "*Government loans*" to the 2010 Financial Statements and Notes 20 "*Other long-term payables*" and 21 "*Government loan*" to the 2009 Financial Statements.

(3) Bank borrowings excludes amounts related to the outstanding bank overdraft facilities.

Limited operating history

TDIC has a limited operating history. It was established on 25 October 2005 and its initial assets, consisting of cash and land, were contributed in July 2006. TDIC has not yet completed a large-scale master development project and has only completed a limited number of individual stand-alone projects. Accordingly, its financial statements do not yet reflect the expected full operations of its core business. To date, TDIC's principal activities have been primarily focused on planning its master development projects and building basic infrastructure, including bridges and access roads. As TDIC's business continues to grow, the results achieved in its initial periods of operations are expected to be significantly different than those anticipated in later periods.

Key factors affecting results of operations

The following is a discussion of the most significant factors that have affected, or are expected to affect, TDIC's financial condition and results of operations.

Revenue driven primarily by land sales and hospitality/leisure business

TDIC's predominant source of revenue for the financial years ended 31 December 2010, 2009 and 2008 were land sales, the operation of its hospitality and leisure businesses and rental income on construction labour facilities. In the future, TDIC will also recognise revenue in connection with the sales of its residential properties. In the financial year ended 31 December 2010, TDIC recorded one land sale, resulting in revenue of AED 95.5 million. This revenue relates to a reservation taken in 2005, but which did not result in revenue until 2010 because all of the conditions of sale were not met. In 2009, TDIC recognised the sale of one plot of land to the Government, resulting in revenue of AED 159.5 million. During the financial year ended 31 December 2008, four land sales were recorded as revenue for a total of AED 397.0 million. Although the revenue associated with those sales represented the bulk of TDIC's revenue for the period, the transactions resulted in a loss due to the fact that the sales reservations were executed during 2005 and 2006. The associated infrastructure costs associated with the development of the sold land increased in the period prior to revenue recognition, resulting in a cost of sales amount that exceeded revenue. Other existing and ongoing sales contemplate the current estimated development cost when the sales price will be determined so as a reasonable profit margin is achieved. As at 31 December 2010, TDIC had sold 11 plots of land on Saadiyat for aggregate contracted purchase prices of AED 2,791.4 million, AED 621.0 million of which has been collected but not yet recognised as revenue.

TDIC generates revenue from its hospitality business primarily through hotels and resorts which it develops and owns and are managed by third party operators. TDIC has developed the Desert Islands Resort & Spa, which opened and began generating revenue in late 2008 and the Qasr Al Sarab Desert Resort, which opened and began generating revenue in late 2009. The Desert Islands Resort & Spa generated AED 23.7 million, AED 21.0 million and AED 4.2 million in revenue in 2010, 2009 and 2008 respectively. The Qasr Al Sarab Desert Resort generated AED 51.4 million and AED 7.2 million in 2010 and 2009, respectively. TDIC expects to complete development of both The Westin Abu Dhabi Golf Resort & Spa and the St. Regis Saadiyat Resort in the fourth quarter of 2011 at which time it expects to begin generating revenue from those assets.

TDIC also generated revenue from its leisure business in the periods under review primarily through the operation of the Abu Dhabi Golf Club and the Gary Player Saadiyat Beach Golf Course and Academy, which opened and began generating revenue in early 2010. The Abu Dhabi Golf Club generated AED 37.0 million, AED 34.9 million and AED 30.0 million in revenue during 2010, 2009 and 2008, respectively. The Gary Player Saadiyat Beach Golf Course and Academy generated AED 11.7 million in revenue during 2010. TDIC expects to complete development of its Monte Carlo Beach Club on Saadiyat in the third quarter of 2011 at which time it will begin generating revenue.

TDIC recognises revenue from rental payments for Saadiyat Construction Village, a facility that provides lodging, meals and recreation facilities for the labour force on development projects occurring on Saadiyat. The facilities generated AED 112.4 million in 2010 and AED 7.8 million during 2009. The facility began operations during 2009.

To date, TDIC has not recognised any revenue from the sale of residential projects because, although TDIC has pre-sold a large portion of its residential properties in one of its planned developments on Saadiyat, revenue is not recognised until an individual property is completed and handed over to the purchaser, thereby transferring the risks and rewards of ownership. TDIC had sold 245 residential properties for an aggregate contracted purchase price of AED 3,152.4 million as of 31 December 2010, AED 955.9 million of which has been received from customers but not recognised as revenue. These residential properties are expected to begin being completed and delivered in late 2011, which would result in the commencement of significant revenue recognition. There can be no assurances, however, that all of these properties will be completed and delivered to the respective purchasers at this time at the contracted price or at all or that unsold units will be contracted and sold. See "—*Critical accounting estimates and judgments – Revenue recognition*".

TDIC expects to recognise revenue in the future related to the lease of certain plots of land to other developers, on which such developers will build hotels and other revenue-generating assets. Land near Zayed Sports City has been leased to Al Farida Investment Company LLC for the development and construction of the Bridgeway Project, which contains a hotel, retail and residential component. TDIC is entitled to earn rental payments of AED 1.25 million annually upon the completion of the hotel, increasing to AED 2.5 million annually (subject to 2 per cent. annual increases) upon the completion of the retail component. In addition to the annual rent, TDIC will earn 10 per cent. of the gross operating revenue of the combined assets. TDIC expects completion of these assets during the second half of 2011. Land has also been leased to Belbadi to develop the Bateen Wharf project which is expected to be complete during 2014. TDIC is entitled to fixed rent of AED 10.0 million (subject to 2 per cent. increase per year) in addition to an amount equal to 7 per cent. of the asset's gross revenue. There can be no assurances, however, that these properties will be completed and that TDIC will earn any rental income.

Share of losses of associates

TDIC generated losses in the financial years ended 31 December 2010 and 2009 from investments in certain associates within the industry that are operated by third parties. TDIC contributed the land on which the hotels and other assets have been or are in the process of being built in return for a 20 per cent. stake in such associates. TDIC recognises its proportionate share of profits or losses that each entity realises once they become operational. The Qaryat Al Beri Development ("**Qaryat Al Beri**"), which includes the Shangri-La Hotel and Traders Hotel, was developed by TDIC's associate, Qaryat Al Beri Resort Development Company LLC and began material operations in 2009. TDIC recorded AED 2.3 million in income during 2010 and AED 1.9 million in 2009 for the combined Qaryat Al Beri investment. The Park Rotana complex ("**Park Rotana**"), which was developed by TDIC's associate, Parc Hospitality Investment LLC, also began operating in 2009 and includes hotel revenue, and apartment and office space rental. TDIC recorded AED 7.7 million in 2010 and AED 0.7 million in 2009 (partial year) in net income for Park Rotana. The Fairmont Bab Al Bahr Hotel (the "**Fairmont**"), which was developed by TDIC's associate, B2B Hotels & Properties LLC, also began operations in 2009. As this asset was in the start-up phase, it generated losses of AED 11.1 million in 2010 and AED 10.1 million for the partial 2009 year. TDIC expects that these investments will contribute to its profitability over the longer term. TDIC's share of profit and loss from associates may be affected in future periods by other investments in associates which have not yet become operational, such as Regent Emirates Pearl, which is being developed by TDIC's associates, Emirates Pearl for Development & Investment LLC, and is expected to become operational late in 2012. TDIC may also enter into additional associate agreements in the future.

Future timing of sales of land

The timing of sales of land has the potential to significantly impact TDIC's results of operation in any period in which such sales occur. This is further impacted by the policies pursuant to which TDIC recognises revenue from land sales and sales of completed residential properties. Furthermore, because TDIC benefits from significant Government financial support and at this point is not dependent on generating sales to fund its operations, it does not, unlike many other master developers and general real estate planners and developers, need to manage the timing of sales of land and completed properties in order to manage its cash flows. As a result, TDIC is less concerned about results on its statement of comprehensive income as compared to the overall operation of its business, its cash flows, the success of its developments and maintaining the value of its properties.

TDIC employs a strategic approach to land development and sales, based upon a number of considerations and not solely upon the impact such sales could have on its statement of comprehensive income or cash flows. In particular, the Government has mandated that TDIC conduct its business in a manner that will discourage speculation in its projects and, as a result, its sales tend to be limited to developers or end-users that will complete a project or utilise a property themselves, with their ability to sub-contract a project or on-sell a property to other third parties limited by contract. TDIC also looks to manage the supply of its properties by spreading the sales of these properties out over time to slowly introduce property into the Abu Dhabi market. TDIC believes that this phased sales strategy may also provide it with an opportunity to realise greater returns on sales to the extent that other developments in proximity to such properties near completion and thereby increase the value of such properties. Furthermore, because TDIC's operations have historically been supported through Government contributions, it has not been dependent on realising sales and prefers to sell land and completed projects only at times when it thinks the market value for such sale is consistent with what it believes is the underlying value of the asset. Accordingly, in times of weakness in the property market, TDIC may prefer to hold its assets until such time as the markets strengthen.

TDIC continuously reviews the timing of its release of property on the market with a goal of ensuring that it maintains the greatest degree of flexibility and realises the maximum value for its assets. For example, TDIC generally phases its infrastructure projects within a larger master development so that it is positioned to launch and progress individual projects within its master developments at times it believes optimal, whether due to general market demand, specific business or development opportunities or otherwise. This phased approach is particularly important in the context of its residential and commercial/mixed-use projects and investment properties where it seeks to maximise the market value of such projects and land by timing the release of property on to the market to coincide with what TDIC believes to be an attractive market opportunity. For example, as a result of current market conditions in the Abu Dhabi real estate market, TDIC's Board of Directors approved a strategy in December 2010 to reduce TDIC's development costs through hibernating, delaying and scaling-back certain projects. See "*Business Description of TDIC — Strategic Hibernation, Delay and Scaling-Back of Certain Projects*".

Because TDIC's revenue is significantly impacted by the timing of its sales of development land, and to a lesser degree the timing of completion and hand-over of residential projects, it may experience significant fluctuations in its revenue from period to period. Furthermore, because TDIC does not recognise revenue on its residential projects until an individual property is completed and delivered to the purchaser, representing the time at which the risk and rewards of ownership transfer to the purchaser, its revenue in terms of residential sales will be similarly variable and will be directly impacted by the timing of its projects. For example, although as at 31 December 2010 TDIC has pre-sold 245 villas on Saadiyat, it has not yet recognised any revenue from such sales and will not do so until those villas are delivered, which is expected to commence in late 2011.

Abu Dhabi's economic condition

TDIC's results of operations as at and for the financial year ended 31 December 2010 have been, and its future results of operations are expected to continue to be, adversely affected by the current global economic downturn, and in particular by the downward pressure on real estate sales prices. From the middle of 2008, the availability and terms of financing have also been adversely affected and these factors are also likely to affect its future business and operations.

From 2005 until 2008, property prices in Abu Dhabi rose significantly. However, towards the end of 2008, the real estate market in Abu Dhabi began to decline. According to research published by Jones Lang LaSalle in its report, on.point – Abu Dhabi City Profile – April 2011, average residential sales prices in Abu Dhabi have declined by over 45 per cent. from the highs reached in 2008 and Grade "A" office sales prices have declined from highs of AED 3,800 per square metre achieved during 2008 to around AED 1,900 per square metre in April 2011. Recent developments in Abu Dhabi's real estate market are further described under "*Industry Overview – Overview of the Abu Dhabi Real Estate Market*".

Impact on sales

TDIC's strategy to deal with the adverse impact of the global financial crisis on its development business has been to maximise its flexibility by revising its expected development timetable by hibernating, delaying and scaling-back certain projects. See "*Business Description of TDIC — Strategic Hibernation, Delay and Scaling-Back of Certain Projects*". In addition, TDIC has also been able to delay the sales of its commercial properties in order to sell them during periods of favourable market conditions. See "*– Future timing of sales of land*" above.

Impact on cost and demand

During the global economic downturn which commenced in mid-2008 and continued through 2009 and early 2010, TDIC has generally been able to lower the costs on its development projects due to: (i) reductions in spot prices for many of the major commodities used by it; and (ii) increased competition among contractors in their tendering and contractors' willingness to renegotiate terms previously agreed on existing developments such that they are more favourable to TDIC.

When agreeing development and construction contracts for new developments, TDIC intends to take advantage of these factors to enter into fixed-price contracts, rather than the cost-plus contracts it had previously entered into when demand for contractors was significantly stronger, to further manage its future development and construction costs. TDIC has also sought to capitalise on lower costs for and greater supplies of goods and services through its strategic acquisitions of aircraft to support the operations on Sir Bani Yas Island, vehicles and other assets that are essential to its operations and its increased hiring of new employees that will allow it to continue to expand its operations in the future.

Purchasers of development land and completed properties have, in some cases, sought to extend their payment schedules over a longer period of time and, to the extent such terms are accepted by TDIC, this may also have an adverse effect on cash flows from operations in a given period. TDIC has not, however, recorded any allowances with respect to such requests. See Note 10 "*Trade and other receivables*" to the Financial Statements.

Financing

The global financial crisis resulted in a reluctance of financial institutions to extend credit. Any credit that has been extended has generally been on less favourable terms (including higher margins) than were previously available to borrowers before the crisis. As at 31 December 2010, TDIC had two financing facilities available to it amounting to a total of AED 3.2 billion, which was fully borrowed. These financings will mature between November 2011 and December 2013, and carry interest rates of LIBOR plus 1.35 per cent. and EIBOR plus 1.75 per cent. The refinancing of these loans, which bear relatively low interest rates, can be expected to result in higher interest costs in future periods. See Note 16 "*Bank borrowings*" to the 2010 Financial Statements for information relating to the maturity dates and margins of TDIC's existing financing arrangements and "*– Liquidity and capital resources*" and "*– Indebtedness*".

Depreciation

TDIC capitalises the cost of development of its projects, recording certain properties and assets under development that are intended to be used in its business or otherwise are expected to generate revenues as construction work-in-progress (under property, plant and equipment) or for undetermined future use as investment property under development. As at 31 December 2010, TDIC's construction work-in-progress and investment property under development including land value was AED 12.1 billion and AED 13.6 billion, respectively. As property and other assets recorded under construction work-in-progress become available for use or become operational, TDIC reclassifies such property and assets as property, plant and equipment and begins to depreciate it, recognising the depreciation expense on the statement of comprehensive income. As property and other assets recorded under investment property under development is completed, TDIC reclassifies such assets as investment property and will begin to depreciate it, recognising the depreciation expense on the statement of comprehensive income. Any such recording of depreciation could be significant and could result in TDIC recognising a net loss for the relevant period in which such expense is recorded. Depreciation expense increased significantly in the financial year ended 31 December 2010 as compared to the financial year ended 31 December 2009, reflecting a full year of depreciation expense for Qasr Al Sarab Desert Resort and Saadiyat Construction Village and the opening of the Gary Player Saadiyat Beach Golf Course and Academy early in 2010.

Critical accounting estimates and judgments

The preparation of TDIC's financial statements requires the use of certain judgments, estimates and assumptions that are not readily apparent from other sources that affect the reported amounts of assets and liabilities, including the disclosure of contingent liabilities, and the reported amounts of revenues and expenses during the reported period. TDIC's critical accounting estimates and judgments are those that are most important to its financial condition and results of operations and those that require the most difficult, subjective or complex judgments by TDIC. TDIC re-evaluates its estimates and assumptions on an on-going basis. TDIC bases its estimates and assumptions on historical experience and various other factors that are believed to be reasonable under the circumstances. Because of the uncertainty of factors surrounding the estimates or judgments used in the preparation of TDIC's consolidated financial statements, actual results may vary from these estimates.

TDIC believes that the following are the critical judgments that management have made in the process of applying TDIC's accounting policies and have the most significant effect on the amounts recognised in the financial statements. For a summary of all of TDIC's significant accounting policies, including the critical accounting policies discussed below, see Note 4 "*Critical accounting judgments and key sources of estimation of uncertainty*" to the Financial Statements included elsewhere in this Base Prospectus.

Classification of properties

In the process of classifying properties, TDIC's management has made various judgments to determine whether a property qualifies as an investment property, property plant and equipment and/or property held for resale. In making its judgment, TDIC's management considers detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by it.

Useful lives of property, plant and equipment

TDIC's property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives which are based on its management's business plans and operations estimates related to those assets. The factors that could affect that estimation of the useful lives and residual values include the following:

- changes in asset utilisation rates;
- changes in maintenance technology;
- changes in regulations and legislations; and
- unforeseen operational issues.

Any of the above could affect prospective depreciation of property, plant and equipment and their carrying and residual values. TDIC's management periodically reviews the appropriateness of assets' useful economic lives. This review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to TDIC.

Impairment assessment of long-lived assets

Long-lived assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is an indication of impairment. TDIC does not depreciate land or fine art. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

Allowances for doubtful debts

TDIC's management has estimated the recoverability of accounts receivable and has considered the allowance required for doubtful debts. It has estimated for the allowance for doubtful debts on the basis of prior experience and the current economic environment. Estimating the amount of the allowance for doubtful accounts requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, consideration of current economic trends and conditions and debtor-specific factors, all of which may be susceptible to significant change. A provision for bad debt is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for bad debt could be required that could adversely affect earnings or financial position in future periods.

Provision for infrastructure construction

TDIC has an obligation under the terms of its sale and purchase agreements to develop the infrastructure of sold land. Infrastructure cost is deemed to form part of the cost of revenue and is based on management estimates of the future budgeted cost to be incurred in relation to the project including, but not limited to, future sub-contractor costs, estimated labour costs and planned other material costs. TDIC estimates the provision for infrastructure cost related to the sold plots of land by dividing the total estimated infrastructure cost by the total gross floor area ("**GFA**") and multiplies the cost per GFA by the GFA of sold land. The provision for infrastructure costs requires TDIC's management to revise its estimate of such costs on a regular basis in light of current market prices for inclusion as part of the cost of revenue.

Impairment of construction work-in-progress

Properties classified under construction work-in-progress are assessed for impairment based on assessed cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash-generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

Impairment of investments in associates

TDIC's management regularly reviews its investments in associates for indicators of impairment. This determination of whether investments in joint ventures and associates are impaired entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss. TDIC's management is satisfied that no impairment provision is necessary on its investments in associates for the financial years ended 31 December 2010, 2009 and 2008.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. The discounted cash flow model requires numerous estimates and assumptions regarding the forward rates. Due to its subjective nature, these estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

Significant accounting policies

In addition to the above-described critical accounting estimates and judgments, TDIC believes that the following accounting policies are the most significant to assist in an understanding of its financial statements. For a summary of all of TDIC's significant accounting policies, see Note 3 "*Summary of significant accounting policies*" to the Financial Statements included elsewhere in this Base Prospectus.

Revenue recognition

Sales of development land

TDIC recognises revenue based on the full value of land sales upon the completion of the following: (i) receipt of 20 per cent. of the aggregate purchase price, which provides evidence of the recoverability of the amounts contracted; (ii) the execution of a purchase agreement evidencing the fair value of the contract sales price; and (iii) the transfer of ownership (including associated risks and rewards and overall control of the property) to the purchaser.

In connection with achieving this first prong of the recognition test, TDIC generally receives 20 per cent. of the aggregate purchase price through the payment of: (i) a 5 per cent. reservation fee; (ii) a 10 per cent. payment upon the execution of the purchase agreement (typically received approximately 30 days after receipt of the reservation fee); and (iii) a 5 per cent. payment made according to the sale's periodic payment plan (typically received approximately 120 days after receipt of the reservation fee).

Sales of residential units

TDIC recognises revenue in relation to its sale of residential units, including villas and apartments, when the unit is delivered to the customer, which occurs when the customer is given the right of possession of the unit. Revenues from residential villas are recognised upon the delivery of each individual villa and not contingent upon the completion of the development in which the villa may be located or the larger development that may surround the villa. Revenue from apartments, typically in a multi-storey building, is recognised upon the later of: (i) the completion of the entire building in which the apartment may be located; and (ii) the transfer of ownership (including associated risks and rewards and overall control of the apartment) to the purchaser. TDIC does not allocate the total sales price between the land plot, construction and infrastructure when it recognises revenue from the sale of residential units.

Rental income

TDIC recognises revenue in relation to rental income from the Saadiyat Construction Village on a straight-line basis over the course of the lease term.

Hotels and rest houses

TDIC's income from hotels and rest houses represents amounts charged to customers and guests (excluding applicable service charges) and unbilled guest ledger totals as of the year end. TDIC recognises revenue from its hotel and rest houses net of rebates and allowances.

Leisure services

TDIC recognises revenue from the Abu Dhabi Golf Club and the Gary Player Saadiyat Beach Golf Course and Academy based on the value of services generated during the year, recognised as such services are performed, net of rebates and allowances.

Interest income

TDIC recognises revenue from interest income on term deposits on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Investment properties

TDIC has leased certain land parcels to local Abu Dhabi developers of hospitality/leisure and commercial/mixed-use projects. In addition, TDIC holds other parcels for future developments. For financial reporting purposes, TDIC classifies these parcels as investment properties because they are held to earn rentals, for undetermined future use and/or for capital appreciation. Such properties are measured at cost, which comprises all direct costs attributable to the design and construction of a property, including staff costs, interest costs and transaction costs. The cost of land grants that require significant investment to derive value from the land are recorded at nominal value.

Once completed, these fixed assets are depreciated so as to write-off their cost over their estimated useful life, using the straight-line method. Permanent buildings are depreciated over a period of twenty years whereas temporary buildings are depreciated over a period of five years. No depreciation is recorded for land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. Upon completion of construction or development, such properties are retained in investment properties and transferred to the appropriate category to be depreciated.

The gain or loss arising on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Deferred Government grants

Deferred Government grants represent those grants for which the primary condition is that TDIC should purchase, construct or otherwise acquire non-current assets at the direction of the Government. These grants are recognised as deferred income on the statement of financial position under deferred Government grants and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

Valuation of real estate assets

Real estate assets that have been granted to TDIC are recorded under investment properties, property, plant and equipment or development work-in-progress. In accordance with IAS 40, TDIC has elected to value its real estate assets classified as investment properties according to the cost method, where assets are initially recognised at cost at the time of receipt and are not revalued, rather than the fair value method, where assets are initially recognised at fair market value and are subsequently subject to revaluation at each reporting date. TDIC assets classified as property, plant and equipment and development work-in-progress are also recorded at cost in accordance with IAS 16 and IAS 2, respectively. In all three cases, cost may be determined to be either: (i) the purchase price; (ii) the fair market value at the date the asset was granted; or (iii) a nominal amount (for land that is being reclaimed such as the site for the Eastern Mangroves project, or remote land which requires significant investment prior to achieving any material value). Under the cost method, an asset classified as investment property or property, plant and equipment, is carried as cost less any accumulated depreciation and any impairment losses. Any gain arising from a change in the fair value of any asset will not be recognised in profit or loss. Although TDIC does not recognise any subsequent gains with respect to the value of its assets, it does write-down the value of assets in case of impairments. The value of an impaired asset may later be written up, but only to the extent that such an increase would increase the asset value to the level it would be had the impairment not been recognised. At the end of each reporting period, TDIC assesses whether there is any indication that a property might be impaired or that a previously impaired property may no longer be impaired.

If TDIC finds any indication of impairment, it estimates the recoverable amount of the asset based on its contractual and estimated cash flow over the life of the asset, discounted at an appropriate rate. If the recoverable amount is lower than the asset's carrying value, the difference is immediately recorded under impairment loss on TDIC's statement of comprehensive income. TDIC assesses at the end of each reporting period whether there is any indication that an impairment loss previously recorded no longer exists or has decreased. If TDIC finds an indication of such a decrease in a property's impairment, it estimates the recoverable amount. If the recoverable amount is higher than the current carrying amount, TDIC immediately recognises the difference between profit and loss under revaluation increase but only up to the original property value as recorded prior to the recognition of any impairment.

Explanation of statement of comprehensive income items

Revenue

TDIC's revenues for the financial years ended 31 December 2010 and 2009 primarily comprise revenues associated with sales of land, rental income from construction labour facilities, its hospitality and leisure operations, including hotel room rentals and sales of food and beverages and membership fees from golf courses. TDIC's revenues for the financial year ended 31 December 2008 primarily comprise of sales of land. For further information, see "— *Key factors affecting results of operations – Revenue driven primarily by land sales and hospitality/leisure business*".

Direct costs

TDIC's direct costs primarily comprise expenses associated with costs of sales relating to sales of undeveloped land and expenses associated with its hospitality and leisure operations, including hotel room rentals and sales of food and beverages and expenses from the operation of golf courses.

Government contribution

Government contributions consist of monetary grants provided by the Government to TDIC to operate the Government's assets on Sir Bani Yas Island.

Deferred Government grant amortisation

Deferred Government grant amortisation consists of the systematic recognition of grant income over the useful life of the assets to which they relate. The amortisation of deferred Government grants for the financial years ended 31 December 2010 and 2009 primarily comprise amortisation of grants related to Qasr Al Sarab Desert Resort (in the amounts of AED 51.9 million in 2010 and AED 7.0 million in 2009), Desert Islands Resort & Spa (in the amounts of AED 22.8 million in 2010 and AED 15.5 million in 2009) and Al Bateen Wharf and Marina (in the amounts of AED 16.0 million in 2010 and nil in 2009).

Shares of losses of associates

TDIC's shares of losses of associates represents its proportionate share of the losses or profits of its associated companies (companies in which it holds a 20 per cent. interest in which TDIC does not exhibit control).

Administration expenses

TDIC's administration expenses primarily consist of payroll and employee related costs; depreciation of property, plant and equipment; office general expenses; hotel pre-operating expenses; legal expenses; advertising expenses; and rent and property management.

Management fees

TDIC's management fees primarily consist of fees paid under management agreements related to the operation of certain of its hospitality/leisure assets that are based on a percentage of the gross operating revenue of the asset being managed.

Gain/(loss) on revaluation of derivative instruments

TDIC's loss on revaluation of derivative instruments primarily consists of losses arising from changes in the fair value of derivative financial instruments held. These instruments are treated as investments that impact TDIC's statement of comprehensive income and are marked-to-market at each reporting date. In the periods under review, the principal derivative instruments were interest rate hedges that did not qualify for hedge accounting under IFRS.

Finance costs

TDIC's finance costs primarily consists of interest incurred on bank loans, overdrafts and other facilities less capitalised interest.

Finance income

TDIC's finance income primarily consists of interest earned on fixed deposits held with banks.

Gain/(loss) on foreign exchange

TDIC's gain or loss on foreign exchange consists of unhedged gains or losses on transactions in currencies other than the dirham.

Other income

TDIC's other income primarily consists of income earned from tender fees and gains from the sale of metal and other scrap materials.

Results of operations

In the following discussion, references to increases or decreases in any period or year are made by comparison with the corresponding prior period or year, except as the context otherwise indicates.

Financial year ended 31 December 2010 compared to the financial year ended 31 December 2009 compared to the financial year ended 31 December 2008

The following table sets forth financial information for the financial years ended 31 December 2010, 2009 and 2008.

	For the financial year ended 31 December		
	2010	**2009**	**2008**
	(AED thousands)		
Statement of comprehensive income data			
Revenues	347,200	235,107	435,575
Direct costs	(249,970)	(203,356)	(468,273)
Gross profit/(loss)	**97,230**	**31,751**	**(32,698)**
Abu Dhabi Government contributions	75,000	75,000	75,000
Deferred government grant amortisation	99,615	22,465	1,375
Share of losses of associates	(1,122)	(7,544)	—
Share of increase in the value of associate contributions	303,199	—	—
Administration expenses	(1,198,113)	(673,212)	(339,060)
Management fees	(3,552)	(2,102)	(1,363)
Loss on sale of property, plant and equipment	(82)	(765)	(313)
Impairment loss	(35,996)	—	—
(Loss)/gain on revaluation of derivative instruments	(25,626)	17,652	(77,050)
Finance costs	(580,439)	(127,562)	(17,976)
Finance income	73,828	107,517	22,930
Gain/(loss) on foreign exchange	20,289	(18,216)	(1,237)
Other income	20,271	24,007	3,187
Net loss for the year	**(1,155,498)**	**(551,009)**	**(368,580)**

Revenues

TDIC's revenues increased by AED 112.1 million, or 47.7 per cent., to AED 347.2 million for the financial year ended 31 December 2010 compared to AED 235.1 million for the financial year ended 31 December 2009. The increase was primarily due to an increase in hospitality revenue of AED 48.4 million primarily resulting from the continued operations of Desert Islands Resort & Spa and a full year of operating revenue from Qasr Al Sarab Desert Resort in 2010 as compared with three months in 2009, an increase in leisure revenue of AED 23.0 million resulting from the continued operations of Abu Dhabi Golf Club and the opening of the Gary Player Saadiyat Beach Golf Course and Academy in the beginning of 2010 and an increase in revenue of AED 104.6 million resulting from a full year of operations related to Saadiyat Construction Village in 2010 compared to four months in 2009. This increase in revenue was partially offset by a decrease of AED 63.9 million in revenue from sales of land in 2010 compared to 2009.

TDIC's revenues decreased by AED 200.5 million, or 46.0 per cent., to AED 235.1 million for the financial year ended 31 December 2009 compared to AED 435.6 million for the financial year ended 31 December 2008. The decrease was primarily due to a decrease in revenue from sales of land of AED 237.6 million as four plots were sold in 2008 and only one plot was sold in 2009. This decrease in revenue was partially offset by an increase in hospitality revenue of AED 23.1 million primarily resulting from a full year of operations of Desert Islands Resort & Spa in 2009 compared with three months in 2008, an increase in leisure revenue of AED 6.1 million resulting from the continued operations of Abu Dhabi Golf Club and the commencement of operations of Saadiyat Construction Village, which generated revenue of AED 7.8 million in 2009.

Direct costs

TDIC's direct costs increased by AED 46.6 million, or 22.9 per cent., to AED 250.0 million for the financial year ended 31 December 2010 compared to AED 203.4 million for the financial year ended 31 December 2009. The increase was primarily due to an increase of AED 22.6 million in direct expenses related to the continued operations of Desert Islands Resort & Spa and a full year of operating revenue from Qasr Al Sarab Desert Resort in 2010 as compared with three months in 2009, an increase in leisure direct costs of AED 12.8 million resulting from the continued operations of Abu Dhabi Golf Club and the opening of the Gary Player Saadiyat Beach Golf Course and Academy in the beginning of 2010, an increase of AED 115.2 million resulting from a full year of operations related to Saadiyat Construction Village and increased running costs in 2010 compared to four months in 2009. This increase in direct costs was partially offset by a decrease of AED 103.9 million related to a decrease in the cost associated with land sales for the period.

TDIC's direct costs decreased by AED 264.9 million, or 56.6 per cent., to AED 203.4 million for the financial year ended 31 December 2009 compared to AED 468.3 million for the financial year ended 31 December 2008. The decrease was primarily due to a decrease in direct costs associated with land sales of AED 294.5 million as four plots were sold in 2008 and only one plot was sold in 2009. This decrease in direct costs was partially offset by an increase in direct costs associated with hospitality of AED 16.2 million primarily resulting from a full year of operations of Desert Islands Resort & Spa in 2009 compared with three months in 2008, an increase in cost of sales from leisure activities of AED 7.1 million resulting from the continued operations of Abu Dhabi Golf Club and the commencement of operations of Saadiyat Construction Village, which generated direct costs of AED 6.3 million in 2009.

Abu Dhabi Government contribution

TDIC received a monetary grant from the Government of AED 75.0 million for each of the financial years ended 31 December 2010, 2009 and 2008.

Deferred government grant amortisation

TDIC's deferred government grant amortisation increased by AED 77.2 million, or 343.4 percent, to AED 99.6 million for the financial year ended 31 December 2010 compared to AED 22.5 million for the financial year ended 31 December 2009. The increase is primarily due to a full year of amortisation of Qasr Al Sarab Desert Resort deferred revenue in 2010 as compared to three months in 2009, causing an increase in income of AED 44.9 million to AED 51.9 million in 2010 compared to AED 7.0 million in 2009. Amortisation of the Desert Islands Resort & Spa grant also increased due to continued operations, resulting in an increase of AED 7.3 million to AED 22.8 million in 2010 compared to AED 15.5 million in 2009. Amortisation of the Al Bateen Wharf and Marina project deferred grant also began in 2010, resulting in an increase of AED 16.0 million.

TDIC's deferred government grant amortisation increased by AED 21.1 million to AED 22.5 million for the financial year ended 31 December 2009 compared to AED 1.4 million for the financial year ended 31 December 2008. In 2008, three months of amortisation was recorded related to Desert Islands Resort & Spa to make up the entire balance of amortisation. In 2009, a full year of amortisation was recorded for that asset in the amount of AED 15.5 million along with three months of amortisation related to Qasr Al Sarab Desert Resort in the amount of AED 7.0 million.

Share of losses of associates

TDIC's share of losses of associates decreased by AED 6.4 million, or 85.1 per cent., to AED 1.1 million for the financial year ended 31 December 2010 compared to AED 7.5 million for the financial year ended 31 December 2009. The decrease was primarily due to the improved performance of the Shangi-La Hotel and the Park Rotana complex.

TDIC did not record a share of losses of associates for the financial year ended 31 December 2008 as these associates were under development.

Share of increase in the value of associate contributions

TDIC recorded a share of increase in the value of associates contributions of AED 303.2 million for the financial year ended 31 December 2010. TDIC contributed land to its associates which were developing the Fairmont Hotel, Park Rotana complex and Shangri-La Hotel and recorded the value of its contribution at the book value of the land contributed. In the financial year ended 31 December 2010, the value of the land contributed was revalued because each of the projects has been completed. As a result, TDIC recognised a gain representing its share of the increase of the value of its contribution to its associates. TDIC has not yet recognised an adjustment in relation to the value of the land granted for the development of the Regent Emirates Pearl, and may recognise a gain or loss in connection with this investment after the hotel becomes operational late in 2012.

TDIC did not record a share of increase in the value of associates contributions for the financial years ended 31 December 2009 and 2008 as these associates were under development.

Administration expenses

TDIC's administration expenses increased by AED 524.9 million, or 78.0 per cent., to AED 1,198.1 million for the financial year ended 31 December 2010 compared to AED 673.2 million for the financial year ended 31 December 2009. The increase was primarily due to an increase of AED 286.6 million in depreciation of property, plant and equipment mainly associated with the Qasr Al Sarab Desert Resort, Desert Islands Resort & Spa and Al Bateen Wharf and Marina, an increase of AED 136.8 million in payroll and employee related expenses as a result of increased headcount resulting from TDIC's expanding operations and, to a lesser extent, increases in hotel pre-operating expenses relating to office general expenses.

TDIC's administration expenses increased by AED 334.2 million, or 98.6 per cent., to AED 673.2 million for the financial year ended 31 December 2009 compared to AED 339.1 million for the financial year ended 31 December 2008. This increase was primarily due to an increase of AED 75.8 million in depreciation of property, plant and equipment associated with the Desert Islands Resort & Spa, an increase of AED 62.3 million in advertising and marketing associated with branding, advertising and marketing in connection with Saadiyat, and other marketing campaigns and expenses and an increase of AED 51.4 million in payroll and employee related expenses as a result of increased headcount due to TDIC's expanding operations, and, to a lesser extent, increases in rent and property management and office general expenses.

Management fees

Management fees paid by TDIC increased by AED 1.5 million, or 69.0 per cent., to AED 3.6 million for the financial year ended 31 December 2010 compared to AED 2.1 million for the financial year ended 31 December 2009. The increase primarily reflected improved performances of the Desert Islands Resort & Spa and a full year of operations of the Qasr Al Sarab Desert Resort, as well as the improved performance of the Abu Dhabi Golf Club, and the opening of the Gary Player Saadiyat Beach Golf Course and Academy in early 2010.

Management fees paid by TDIC increased by AED 0.7 million, or 54.2 per cent., to AED 2.1 million for the financial year ended 31 December 2009 compared to AED 1.4 million for the financial year ended 31 December 2008. The increase primarily reflected the full year of operations of the Desert Islands Resort & Spa in 2009 and the commencement of management fees payable for the Qasr Al Sarab Desert Resort, which opened in October 2009, as well as the improved performance of the Abu Dhabi Golf Club.

Impairment loss

TDIC recognised an impairment loss of AED 36.0 million for the financial year ended 31 December 2010, due to a write-down of the "Between the Bridges" property after the Urban Planning Council imposed a height restriction on developed buildings on this site so as not to diminish the view corridor of Sheikh Zayed Mosque, an iconic landmark. These restrictions have reduced the value of the property as the developable GFA has declined.

TDIC did not record any impairment loss for the financial years ended 31 December 2009 and 2008.

Gain/(loss) on revaluation of derivative instruments

TDIC's loss on the revaluation of derivative instruments for the financial year ended 31 December 2010 was AED 25.6 million, compared to a gain on the revaluation of derivative instruments of AED 17.7 million for the financial year ended 31 December 2009 and a loss of AED 77.1 million for the financial year ended 31 December 2008. These gains and losses were primarily due to changes in the fair value of interest rate swaps at the relevant reporting dates. These interest rate swaps were entered into in order to reduce TDIC's exposure to floating interest rates, but do not qualify for hedge accounting under IFRS. See "*– Quantitative and qualitative disclosures about market risks – Interest rate risk*".

Finance costs

TDIC's finance costs increased by AED 452.9 million, or 3.6 per cent., to AED 580.4 million for the financial year ended 31 December 2010 compared to AED 127.6 million for the financial year ended 31 December 2009, and increased by AED 109.6 million, or 609.6 per cent., to AED 127.6 million for the financial year ended 31 December 2009 compared to AED 18.0 million for the financial year ended 31 December 2008. TDIC issued U.S.$1.0 billion in medium term notes in July 2009 and issued U.S.$1.0 billion in trust certificates (sukuk) in October 2009. This significant increase in indebtedness resulted in the increase in finance costs for the financial years ended 31 December 2010 and 2009 (reflecting the full year impact of this increase in indebtedness in 2009). A portion of TDIC's finance costs have been capitalised to work-in-progress in line with IFRS requirements.

Finance income

TDIC's interest income decreased by AED 33.7 million, or 31.3 per cent., to AED 73.8 million for the financial year ended 31 December 2010 compared to AED 107.5 million for the financial year ended 31 December 2009, primarily due to lower interest rates and lower levels of average cash balances on fixed deposits, which resulted in a decrease in interest earned. TDIC's interest income increased by AED 84.6 million, or 368.9 per cent., to AED 107.5 million for the financial year ended 31 December 2009 compared to AED 22.9 million for the financial year ended 31 December 2008, primarily due to higher levels of average cash balances on fixed deposits following the July 2009 offering of U.S.$1.0 billion under TDIC's medium term note programme and the October 2009 offering of U.S.$1.0 billion under TDIC's trust certificate (sukuk) programme.

Gain/(loss) on foreign exchange

TDIC recognised a gain on foreign exchange of AED 20.3 million for the financial year ended 31 December 2010 and recognised a loss on foreign exchange of AED 18.2 million for the financial year ended 31 December 2009. The gain in 2010 reflected a strengthening of the dirham as compared to the relevant transaction currencies, and the loss in 2009 reflected a weakening of the dirham against such currencies.

TDIC recognised a loss on foreign exchange of AED 1.2 million for the financial year ended 31 December 2008.

Liquidity and capital resources

TDIC's primary expenditures are its property development costs, which consist primarily of construction costs for its projects and fees related to project design and management.

Sources of funding

TDIC develops a range of projects that utilise one or more of the following funding sources:

- Deferred monetary grants from the Government are used to finance large infrastructure projects (such as the Saadiyat infrastructure) or projects that would not be commercially viable without Government support (such as the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi Museum). From inception to 31 December 2010, TDIC received AED 4.4 billion of monetary grants from the Government.

- Cash monetary grants are received to fund the current operations. These grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate. TDIC received monetary grants of AED 75.0 million in each of the financial years ended 31 December 2010, 2009 and 2008, and has been granted a further AED 75.0 million for 2011.

- Other grants as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to TDIC with no future related costs. These grants are recognised in profit or loss in the period in which they become receivable.

- Government loans are used as an alternative to commercial debt to finance projects which TDIC anticipates will generate revenue upon completion. As at 31 December 2010, TDIC had received AED 2,787.8 million of Government loans.

- Commercial debt is primarily used to finance projects whose cash flows are expected to support commercial debt service. Examples of projects which are funded by commercial debt include residential developments and hotel developments such as the St. Regis Saadiyat Resort and Saadiyat Beach Villas and Apartments. As at 31 December 2010, TDIC had AED 10.5 billion of commercial debt outstanding.

Timing of cash flows

The timing and amounts of cash received by TDIC from property sales will vary depending on the specific contract terms but will typically comprise an initial deposit and instalment payments. Construction costs, however, are generally paid by TDIC throughout the development of a project and significant cash outflows may be experienced before a project generates any cash inflows. Therefore, there may be a significant mismatch in timing of cash flows, as cash costs for a project often have to be paid before cash is generated. As a result, TDIC aims to maintain sufficient liquidity to ensure that its anticipated operational obligations can be met on a timely basis.

TDIC expects to finance its cash requirements in excess of available cash principally through Government funding as well as additional borrowings, including the proceeds from the issuance of Notes. TDIC believes that the majority of its capital to fund its obligations over the next 12 months will come from Government financial support, either in the form of monetary grants or Government loans. As at 31 December 2010, TDIC had cash and cash equivalents of AED 3.0 billion, and AED 200.0 million in borrowing availability in committed but undrawn overdraft facilities.

Working capital

TDIC's working capital, which represents the amount by which its current assets exceeded its current liabilities, was AED 5,670.1 million, AED 20,894.3 million and AED 15,109.1 million as at 31 December 2010, 2009 and 2008, respectively. TDIC's cash and cash equivalents (net of amounts drawn down on its overdraft facilities) was AED 2,975.5 million, AED 4,367.7 million and AED 879.5 million as at 31 December 2010, 2009 and 2008, respectively.

Current assets

TDIC's current assets decreased by AED 15,900.0 million, or 63.3 per cent., to AED 9,210.6 million as at 31 December 2010 from AED 25,110.6 million as at 31 December 2009. The decrease was primarily due to a transfer of AED 14,829.9 million from development work-in-progress to property, plant and equipment and investment property reflecting changes in TDIC's strategy with respect to certain of its projects (see "*Business Description of TDIC — Strategic Hibernation, Delay and Scaling-Back of Certain Projects*") and a decrease in cash and bank balances as compared to 2009.

TDIC's current assets increased by AED 6,725.3 million, or 36.6 per cent., to AED 25,110.6 million as at 31 December 2009 from AED 18,385.3 million as at 31 December 2008. The increase was primarily due to an increase of AED 3,450.8 million in cash and bank balances following the July 2009 offering of U.S.$1.0 billion under TDIC's medium term note programme and the October 2009 offering of U.S.$1.0 billion under TDIC's trust certificate (sukuk) programme and an increase of AED 1,309.5 million in trade and other receivables primarily relating to amounts due from the Government as repayment for work done on their behalf and advance payments to suppliers as per contract.

Current liabilities

TDIC's current liabilities decreased by AED 675.8 million, or 16.0 per cent., to AED 3,540.5 million as at 31 December 2010 from AED 4,216.3 million as at 31 December 2009. The decrease was primarily due to a decrease in bank borrowings - short-term of AED 922.1 million relating to the payoff of certain short-term bank facilities using the proceeds of the issuance of U.S.$1.0 billion in medium term notes in July 2009 and U.S.$1.0 billion in trust certificates (sukuk) in October 2009, partly offset by an increase in trade and other payables of AED 264.3 million.

TDIC's current liabilities increased by AED 940.1 million, or 28.7 per cent., to AED 4,216.3 million as at 31 December 2009 from AED 3,276.2 million as at 31 December 2008. The increase was primarily due to an increase in bank borrowings — short-term of AED 922.1 million relating to the reclassification of certain bank borrowings from long-term to short-term and the addition of a newly established bank loan, a portion of which was classified as short-term borrowings.

Cash flow

The following table shows TDIC's net cash inflow used in operating activities, net cash used in investing activities, net cash inflow from financing activities and the cash and cash equivalents for the financial years ended 31 December 2010, 2009 and 2008:

	For the financial year ended 31 December		
	2010	**2009**	**2008**
		(AED millions)	
Summary cash flow			
Net cash used in operating activities	(828.1)	(2,817.9)	(494.5)
Net cash used in investing activities	(2,285.3)	(6,759.2)	(2,518.5)
Net cash generated from financing activities	2,762.1	11,024.5	2,763.3
Cash and cash equivalents at end of year	1,975.5	2,326.9	879.5

Net cash used in operating activities

TDIC's net cash used in operating activities decreased by AED 1,989.8 million, or 70.6 per cent., to AED 828.1 million for the financial year ended 31 December 2010 from AED 2,817.9 million for the financial year ended 31 December 2009. The decrease was primarily driven by changes in working capital, including: (i) an increase in trade and other receivables; and (ii) an increase in the level of development activities performed on various projects during the financial year ended 31 December 2010.

TDIC's net cash used in operating activities increased by AED 2,323.4 million, or 469.9 per cent., to AED 2,817.9 million for the financial year ended 31 December 2009 from AED 494.5 million for the financial year ended 31 December 2008. The increase was primarily due to changes in working capital including: (i) an increase in trade and other payables; and (ii) an increase in the level of development activities performed on various projects during the financial year ended 31 December 2009. These movements in working capital were partly offset by a decrease in trade and other payables.

Net cash (used in)/from investing activities

TDIC's net cash used in investing activities for the financial year ended 31 December 2010 was AED 2,285.3 million, primarily relating to capital expenditures on development projects, offset partly by the withdrawal of term deposits with an original maturity of more than three months made in 2009.

TDIC's net cash used in investing activities for the financial year ended 31 December 2009 was AED 6,759.2 million, reflecting both capital expenditures on development projects as well as significant investments in term deposits with an original maturity of more than three months (utilising in part the cash proceeds from the issuance of debt in the July 2009 offering under TDIC's medium term note programme and the October 2009 offering under TDIC's trust certificate (sukuk) programme).

TDIC's net cash used in investing activities for the financial year ended 31 December 2008 was AED 2,518.5 million, primarily relating to capital expenditure on development projects.

Net cash generated from financing activities

TDIC's net cash from financing activities for the financial year ended 31 December 2010 was AED 2,762.1 million, primarily relating to Government loans, increased bank borrowings arranged by consortiums of banks and Government grants received by TDIC to fund continuing or newly identified development projects.

TDIC's net cash from financing activities for the financial year ended 31 December 2009 was AED 11,024.5 million, primarily relating to proceeds from the issuance of debt in the July 2009 offering of U.S.$1.0 billion under TDIC's medium term note programme and the October 2009 offering of U.S.$1.0 billion under TDIC's trust certificate (sukuk) programme as well as Government grants and loans.

TDIC's net cash from financing activities for the financial year ended 31 December 2008 was AED 2,763.3 million primarily relating to Government grants received by TDIC to fund continuing or newly identified development projects and increased bank borrowings.

Indebtedness

As at 31 December 2010, TDIC's total indebtedness was AED 13,312.6 million, consisting of AED 1,000.0 million of short-term commercial indebtedness, AED 9,524.8 million of long-term commercial indebtedness and AED 2,787.8 million of Government loans. All of TDIC's total outstanding indebtedness was unsecured. In addition, TDIC has an overdraft facility of AED 200.0 million, which was undrawn as of 31 December 2010. Under certain of its loan agreements, TDIC has agreed to limit its financial indebtedness to an aggregate amount not to exceed U.S.$7.5 billion.

The following table sets forth the principal amount outstanding under each of TDIC's commercial debt instruments as at 31 December 2010:

Debt instrument	Banks	Principal amount	Amount outstanding
		(AED thousands)	
U.S.$1.0 billion medium term notes	N/A	3,675,000	3,675,000[1]
U.S.$1.0 billion trust certificates (sukuk)	N/A	3,675,000	3,675,000[2]
AED 1.0 billion bank loan	Abu Dhabi Commercial Bank P.J.S.C.	1,000,000	1,000,000
U.S.$600.0 million bank loan	BNP Paribas, Citibank, N.A. U.A.E. Branch, HSBC Bank Middle East Limited, National Bank of Abu Dhabi P.J.S.C., Standard Chartered Bank and The Royal Bank of Scotland plc	2,205,000	2,205,000
AED 200.0 million overdraft facility	First Gulf Bank P.J.S.C.	200,000	–
		10,755,000	10,555,000

(1) The carrying amount for this instrument was recorded as AED 3,653,177 thousand in the 2010 Financial Statements reflecting premium discounts and issuance costs.

(2) The carrying amount for this instrument was recorded as AED 3,666,615 thousand in the 2010 Financial Statements reflecting premium discounts and issuance costs.

TDIC seeks to finance its projects with borrowings suitable to the nature and tenor of its projects and to utilise interest-hedging techniques where appropriate to manage its interest rate exposures. TDIC expects continued growth in its level of debt over the coming years as it continues to develop its pipeline of projects. TDIC will continue to review its financing options in the future in the context of both the overall availability of financing in the market as well as the nature of the underlying projects to be financed in order to secure the optimal financing for each of its projects.

TDIC has entered into interest rate swap contracts on several of its borrowings in order to mitigate the risk of changing interest rates on its floating rate debt. The fair value of interest rate swaps at the reporting date is determined by independent valuers by reference to quoted market prices, discounted cash flow models and recognised pricing models. As at 31 December 2010, the notional value of TDIC's interest rate swap contracts was AED 1,558.4 million. The interest rate swap contracts expire in 2013. See Note 3 "*Summary of significant accounting policies*" of the Financial Statements and "*–Critical accounting estimates and judgments*" above for further information on the valuation of TDIC's financial liabilities.

Short-term commercial indebtedness

TDIC's short-term commercial indebtedness decreased by AED 922.1 million to AED 1,000.0 million as at 31 December 2010 from AED 1,922.1 million as at 31 December 2009, and increased by AED 922.1 million to AED 1,922.1 million as at 31 December 2009 from AED 1,000.0 million as at 31 December 2008.

As at 31 December 2010, TDIC had the following short-term facilities in place:

(a) overdraft facility of AED 200.0 million from First Gulf Bank P.J.S.C. which was undrawn as at 31 December 2010; and

(b) an unsecured term loan facility with Abu Dhabi Commercial Bank P.J.S.C. dated 5 August 2010 for a principal amount of AED 1.0 billion with a maturity date of 12 months from utilisation, which was fully drawn as at 31 December 2010.

For further information on TDIC's short-term commercial indebtedness, see "*Material Contracts – Financing Contracts*".

Since 31 December 2010, TDIC has not incurred any material short-term indebtedness, but due to the fact that all of its outstanding long-term commercial indebtedness matures between 2011 and 2013, if TDIC does not refinance this debt, it will become short-term debt in future financial periods.

Long-term commercial indebtedness

TDIC's long-term commercial indebtedness was AED 9,524.8 million, AED 7,511.7 million and AED 1,822.1 million as at each of 31 December 2010, 31 December 2009 and 31 December 2008, respectively.

As at 31 December 2010, TDIC had an unsecured term loan facility with six banks for a principal amount of U.S.$600 million with a maturity date of 36 months after utilisation, which was fully drawn as at 31 December 2010.

As at 31 December 2010, TDIC had issued:

(a) U.S.$1.0 billion global medium term notes issued on 2 July 2009, bearing interest at 6.50 per cent per annum, and repayable on 2 July 2014; and

(b) U.S.$1.0 billion trust certificates (sukuk) issued on 20 October 2009, bearing interest at 4.949 per cent. per annum, and repayable on 21 October 2014.

As at 31 December 2010, the carrying amount of these issues was AED 7,319.8 million.

For further information on TDIC's long-term commercial indebtedness, see "*Material Contracts – Financing Contracts*".

Government loans

TDIC received Government loans on terms favourable to TDIC of AED 1,066.0 million and AED 2,547.0 million for the financial years ended 31 December 2010 and 2009, respectively. Government loans are subordinated to TDIC's other indebtedness and bear an interest rate of 4.0 per cent. per annum, payable on an annual basis over 15 years following a four year holiday period which terminates in 2013. TDIC recorded deferred government grants of AED 1,032.8 million and AED 395.0 million as at 31 December 2010 and 2009, respectively, relating to the difference between the fair value of the loans on prevailing market interest rates at the time the loans were originated and the proceeds received. TDIC did not receive any Government loans during the year ended 31 December 2008.

For further information on Government loans to TDIC, see "*— Overview – Financial Support from the Government*".

Capital expenditures

The table below sets forth a summary of TDIC's capital expenditures for the financial years indicated:

	For the financial year ended 31 December		
	2010	**2009**	**2008**
	(AED millions)		
Saadiyat	249.6	46.1	48.1
Desert Islands	47.8	31.7	46.8
Other	3,213.2	4,877.7	2346.8
Total	**3,510.6**	**4,955.5**	**2,441.7**

TDIC currently has 69 projects under various phases of design and development. As of 31 December 2010, TDIC had budgeted consolidated total capital costs of over AED 56.0 billion for the 2010-2015 period, of which consolidated capital costs of AED 18.3 billion had been spent as of 31 December 2010. TDIC's planned capital expenditure for the financial year ended 31 December 2011 is AED 13.4 billion, including an estimated capital cost of approximately AED 8.2 billion in connection with Saadiyat, approximately AED 0.9 billion in connection with the Desert Islands and approximately AED 2.7 billion in connection with other projects in Abu Dhabi. This capital expenditure is expected to be financed with a combination of capital contributions, monetary grants, operating cash flow and debt financing.

Contractual commitments

As at 31 December 2010, TDIC had contractual commitments related to its material contracts of AED 8,038 million (excluding overhead, interest and administration expenses). For a summary of TDIC's material contracts, see "*Material Contracts*". This amount represents the value of TDIC's material contracts entered into net of invoices received and accruals as at that date.

TDIC's estimated contractual commitments (other than the outstanding indebtedness discussed above) under its material contracts as at 31 December 2010 are shown in the table below:

Phase	**Less than 1 year**	**Between 1 - 5 years**	**More than 5 years**	**Total**
		(AED millions)		
Construction	3,888.6	910.8	–	4,799.4
Design	417.2	736.5	2.6	1,156.2
Other	593.1	755.2	734.2	2,082.5
Total	4,898.8	2,402.5	736.8	8,038.0

Off-balance sheet arrangements

TDIC does not currently have any off-balance sheet arrangements.

Quantitative and qualitative disclosures about market risks

TDIC is exposed to market risks arising from its normal business activities, which represent the potential losses arising from adverse changes in market rates and prices. These market risks principally involve interest rate risk, credit risk, liquidity risk and foreign exchange risk, which could adversely affect the value of TDIC's financial assets and liabilities or its future cash flows and earnings.

Note 27 ("*Financial instruments*") of the 2010 Financial Statements and Note 27 ("*Financial instruments*") of the 2009 Financial Statements contain detailed disclosure about the capital and financial risk management activities, including discussion and statistical disclosure in relation to the market risk management (which includes interest rate risk management), credit risk management and liquidity risk management. A summary of these disclosures is set out below:

Interest rate risk

TDIC is exposed to interest rate risk as it borrows funds at floating interest rates. TDIC seeks to use derivative financial instruments to mitigate the exposure of such borrowings to interest rate fluctuations. See "*– Liquidity and capital resources*" and " *– Indebtedness*" for further information.

As part of TDIC's interest rate risk mitigation, it has entered into five interest rate swaps to fix the interest rates on AED 1.6 billion of its floating rate indebtedness, which represents approximately 49 per cent. of its floating rate debt as at 31 December 2010. However, due to the inconsistency in tenures between TDIC's debt and these interest rate swaps, TDIC has not designated these as hedges for IFRS purposes as it did not believe they would be effective accounting hedges. As a result, these interest rate swaps are recorded initially on the statement of financial position as an asset or a liability and are marked-to-market at each reporting period with changes in fair value being reported directly into the consolidated statement of comprehensive income. Subject to movements in the relevant interest rates, these financial instruments may yield a positive or negative impact on TDIC's statement of comprehensive income.

After taking into account the benefit of the interest rate swaps, if interest rates had been 50 basis points higher/lower and all other variables were held constant, TDIC's profit for the financial year ended 31 December 2010 would have decreased/increased by approximately AED 16.0 million.

Credit risk

TDIC's assets, including its cash at banks and accounts receivable, may be exposed to credit risk should any counterparty fail to perform on its contractual obligations. In an effort to mitigate any credit risk, TDIC places its cash only in financial institutions that have received high credit ratings and accounts receivable are presented net of provisions for impairment. TDIC seeks to minimise its exposure to credit risk by: (i) trading only with recognised, creditworthy third parties; (ii) transacting with high net worth customers who are well-known to TDIC; (iii) transferring title on developed properties only after payment has been received in full; and (iv) transferring title on undeveloped properties to companies of good repute and whose financial history and condition are known to it. It is TDIC's policy that all parties who wish to trade on credit terms are subject to credit verification procedures and may be required to submit financial guarantees based on their creditworthiness. In addition, account receivable balances are monitored on an ongoing basis with the result that TDIC's exposure to bad debts is not significant.

Liquidity risk

TDIC has cash balances and may open additional borrowing or overdraft facilities to provide additional liquidity as required. As at 31 December 2010, bank balances and cash totalled AED 3.0 billion and the availability under TDIC's short-term facilities was AED 200.0 million. See "*– Indebtedness*" for further information.

TDIC regularly monitors liquidity risk and attempts to secure funding through a variety of sources, including sales, project financing, financial institutions and/or the capital markets. Additionally, if TDIC is unable to raise adequate funds through any such source, it believes that it would receive funding from the Government in order to ensure its continued liquidity.

Foreign currency risk

TDIC does not believe that it is significantly exposed to foreign exchange risk as its revenues are earned in U.A.E. dirham and its costs are almost entirely denominated in either U.A.E. dirham or U.S. dollars. When TDIC enters into a transaction denominated in a foreign currency, it typically also enters into spot transactions for a period of three to four days in order to secure a weighted currency average.

The U.A.E. dirham has been pegged to the U.S. dollar at a fixed rate since 22 November 1980, which is currently U.S.$1 to AED 3.6725. See "*Risk Factors – Risks Relating to Abu Dhabi, the U.A.E. and the Middle East – TDIC's business may be materially adversely affected if the U.A.E. dirham/U.S. dollar peg were to be removed or adjusted*".

BUSINESS DESCRIPTION OF TDIC

Overview

TDIC plays a central role in the implementation of Abu Dhabi's long-term strategy to diversify its economy away from its reliance on oil and gas revenues through its master development of infrastructure, cultural, hospitality, leisure, commercial/mixed-use and residential projects that enhance Abu Dhabi's high-end tourism market. This strategy is detailed in the Government's Policy Agenda, 2030 Economic Vision and Urban Framework Plan. The Policy Agenda recognises TDIC as the entity responsible for the development of many of the assets in Abu Dhabi that are being put in place to meet expected tourist demand. TDIC serves as the implementation arm of ADTA, a Government authority that is TDIC's sole shareholder. For further information regarding TDIC's relationship with the Government, see *"The Abu Dhabi Government's Development Strategy", "Relationship with the Government"* and *"Shareholder and Related Party Transactions – ADTA"*.

TDIC currently has 69 projects under various phases of design and development. As of 31 December 2010, TDIC had budgeted consolidated total capital costs of over AED 56 billion for the 2010-2015 period, of which consolidated capital costs of AED 18.3 billion had been spent as of 31 December 2010. These projects can be grouped into the following three key areas:

- **Saadiyat** is a 27 square kilometre island located directly off the coast of Abu Dhabi island and is approximately one-quarter of the size of Abu Dhabi island, which is currently the main metropolitan area of the city of Abu Dhabi. Saadiyat is envisioned by the Policy Agenda and the 2030 Economic Vision as becoming a regional cultural centre and one of Abu Dhabi's flagship tourist destinations. Saadiyat is designed to include various museums, including the Guggenheim Abu Dhabi Museum, the Louvre Abu Dhabi Museum and the Zayed National Museum; a performing arts centre; two golf courses; several marinas; approximately 500,000 square metres of retail space; approximately 8,000 hotel keys and 30 hotels; approximately 4,000 villas and town houses; and approximately 55,000 apartments, as well as a high standard of civic and community infrastructure such as schools, hospitals, fire and police departments and extensive recreation, cultural and education facilities. Saadiyat is designed to house approximately 145,000 residents and is expected to be substantially completed in 2030. TDIC is master developing a number of projects on Saadiyat at an estimated capital cost as at 31 December 2010 of approximately AED 34.5 billion, which represents approximately 62 per cent. of TDIC's budgeted 2010-2015 consolidated total capital costs, of which consolidated capital costs of AED 11.3 billion had been spent as of 31 December 2010. See "– *Overview of Significant Projects – Saadiyat*". In addition, TDIC is also responsible for the overall delivery of cultural programming ("**Cultural Programming**") across a number of projects on Saadiyat at an estimated capital cost as at 31 December 2010 of approximately AED 7.6 billion, which represents approximately 14 per cent. of TDIC's budgeted 2010-2015 consolidated total capital costs, of which consolidated capital costs of AED 2.4 billion had been spent as of 31 December 2010. See "– *Project Development – Cultural Programming*".

- **The Desert Islands** are a grouping of eight islands situated approximately 200 kilometres west of Abu Dhabi island, which are being developed as a single tourist destination. Sir Bani Yas Island, the Desert Islands' largest island, is an 87 square kilometre island, representing an area approximately as large as Abu Dhabi island. The Desert Islands are presently designed to include nine resorts and spas (consisting of 1,100 rooms); 39 branded serviced villas; a golf course; 98 residential villas; two palaces; 15,000 square metres of commercial and retail space (including restaurants); an airport; ferries and transport facilities; a cruise ship terminal; heritage and cultural sites; educational and learning centres and recreation parks. The Desert Islands master plan is expected to be completed in 2018, although the Desert Islands Resort & Spa, which is a part of the Desert Islands master plan, was completed in October 2008. TDIC is master developing a number of projects in the Desert Islands at an estimated capital cost as at 31 December 2010 of approximately AED 2.3 billion, which represents approximately 4 per cent. of TDIC's budgeted 2010-2015 consolidated total capital costs, of which consolidated capital costs of AED 789 million had been spent as of 31 December 2010. See *"– Overview of Significant Projects – The Desert Islands"*.

- **Other Projects in Abu Dhabi** include completed projects such as Qasr Al Sarab Desert Resort and other projects in Abu Dhabi currently under development such as: (i) Eastern Mangroves; (ii) Between-the-Bridges Office Development; (iii) Hodariyat Crossing; (iv) Qasr Al Ain Hotel; (v) Al Bateen Wharf and Marina; and (vi) The Westin Abu Dhabi Golf Resort & Spa. These projects represented an estimated capital cost as at 31 December 2010 of approximately AED 11.5 billion which represents approximately 20 per cent. of TDIC's budgeted 2010-2015 consolidated total capital costs, of which consolidated capital costs of AED 3.6 billion had been spent as of 31 December 2010. See *"– Overview of Significant Projects – Other Projects"*.

TDIC develops a diverse range of assets which can be classified into five project types: (i) infrastructure; (ii) culture; (iii) hospitality/leisure; (iv) residential; and (v) commercial/mixed-use. As at 31 December 2010, of TDIC's budgeted 2010-2015 consolidated total capital costs of over AED 56 billion, infrastructure represented 26 per cent., culture 32 per cent., hospitality/leisure 23 per cent., residential 8 per cent. and commercial/mixed-use 11 per cent.

The table below sets forth TDIC's primary assets by project type and location:

	Infrastructure	**Culture**	**Hospitality/ Leisure**	**Residential**	**Commercial/ Mixed-Use**
Saadiyat	Saadiyat Infrastructure	Louvre Abu Dhabi Museum	Gary Player Saadiyat Beach Golf Course and Academy	Saadiyat Beach Villas and Apartments	Cultural Canal precinct
		Guggenheim Abu Dhabi Museum	St. Regis Saadiyat Resort	Saadiyat Construction Village	
		Zayed National Museum	Monte Carlo Beach Club	St. Regis Residential	
Desert Islands	Desert Islands Infrastructure		Al Sahel Lodge		Conference Centre
			Al Yamm Lodge		
			Desert Islands Resort & Spa		
Other	Hodariyat Crossing		The Westin Abu Dhabi Golf Resort & Spa	Eastern Mangroves Residential	Between-the-Bridges Office Development
			Eastern Mangroves		Al Bateen Wharf and Marina
			Qasr Al Sarab Desert Resort		
			Qasr Al Ain Hotel		

TDIC believes that its core strength lies in its ability, as a master developer, to work together with public and private partners, in order to develop sustainable world-class projects. Following the principles of the Policy Agenda, the 2030 Economic Vision and the Urban Framework Plan, TDIC has specifically sought to create partnerships with entities that are recognised local and global leaders. Examples of such partnerships which TDIC has entered into include partnerships with entities such as: (i) Anantara Resorts & Spa ("**Anantara**"), the British Museum, the Gary Player Group ("**Gary Player**"), the Guggenheim, the Louvre, the Mandarin Oriental Hotel Group ("**Mandarin Oriental**"), Monte Carlo Beach Club ("**Monte Carlo**"), Rotana Hotels ("**Rotana**"), Shangri-La Hotels and Resorts ("**Shangri-La**"), St. Regis Hotels and Resorts ("**St. Regis**"), Troon Golf Course Management Company ("**Troon Golf**") and Westin Hotels and Resorts ("**Westin**"); and (ii) architectural firms such as Ateliers Jean Nouvel, Gehry Partners LLP and Foster + Partners Ltd.

TDIC has been assigned ratings of A1 (stable outlook) by Moody's and AA (stable outlook) by Fitch and S&P. These ratings are largely consistent with the sovereign rating of Abu Dhabi and are primarily due to TDIC's strong relationship both strategically and operationally with the Government. See "*Relationship with the Government*".

Strategic Hibernation, Delay and Scaling-Back of Certain Projects

In light of the size and variety of the projects in its pipeline, it is impractical for TDIC to develop each of its projects simultaneously. Instead, TDIC chooses to strategically phase the development of its projects, whereby it prioritises certain projects over others. TDIC believes that this phased approach to development allows it to: (i) allocate its resources more optimally, both in terms of its capital expenditure and personnel; (ii) better control projects' development overall costs; and (iii) deliver completed projects more effectively in light of prevailing market conditions to ensure such projects yield their maximum value. In addition, even after commencing a project's development, TDIC continuously monitors such project's progress and, depending on a variety of factors, may choose to adjust the timing of such project's development and delivery.

As a result of current market conditions in the Abu Dhabi real estate market (see "*Industry Overview - Overview of the Abu Dhabi Real Estate Market*"), TDIC's Board of Directors approved a strategy in December 2010 to reduce TDIC's development costs through selectively hibernating, delaying or scaling-back certain projects. This strategy has reduced TDIC's total budgeted capital expenditure for 2011 from AED 18.6 billion to AED 13.4 billion. The projects affected generally comprise commercially funded projects that are in the concept and design stages. In some cases, including the Saadiyat Beach 20 and Saadiyat Beach 21 apartments and Saadiyat Marina Tower, amongst others, TDIC has chosen to complete projects' designs before hibernating them. None of the projects currently being hibernated are at the construction stage. TDIC will continue to monitor market conditions in the Abu Dhabi real estate market closely in order to assess when to resume developing such projects.

Eligibility of projects to be moved from hibernation to the development stage will be reviewed on a quarterly basis by TDIC's management. TDIC's management can recommend the re-commencement of a project by seeking approval from the Board of Directors at any time.

For further information regarding how TDIC manages the development of its projects, see "*– Competitive Strengths – As a master developer with a strong pipeline of projects, TDIC has significant flexibility to phase, manage and control the construction and release of its projects*". For further information regarding the current status of TDIC's projects, including information about those projects that have been hibernated, delayed or scaled-back, see "*– Overview of Significant Projects*".

Corporate History

Overview

TDIC was established in October 2005 as a Public Joint Stock Company pursuant to Law No. 12 of 2005, as decreed by H.H. Sheikh Khalifa bin Zayed Al Nahyan, the President of the U.A.E. and the Ruler of Abu Dhabi, to assist the Government with implementing its tourism mandate.

TDIC is a wholly owned subsidiary of ADTA, a Government authority, which was created in 2004 pursuant to Law No. 7 of 2004 in order to execute and oversee Abu Dhabi's strategy for the growth of its tourism industry. TDIC was established with an initial paid-up capital of AED 100 million, divided into 10 million shares of AED 10 each. See "*The Abu Dhabi Government's Development Strategy*", "*Relationship with the Government*" and "*Shareholder and Related Party Transactions — ADTA*".

The Government and ADTA have made significant land and other asset grants to TDIC since its establishment in 2005, including the transfer of Saadiyat and the rights to operate and develop Sir Bani Yas Island. As at 31 December 2010, these land and asset grants from the Government have contributed AED 18.4 billion which has been recorded as shareholders' equity.

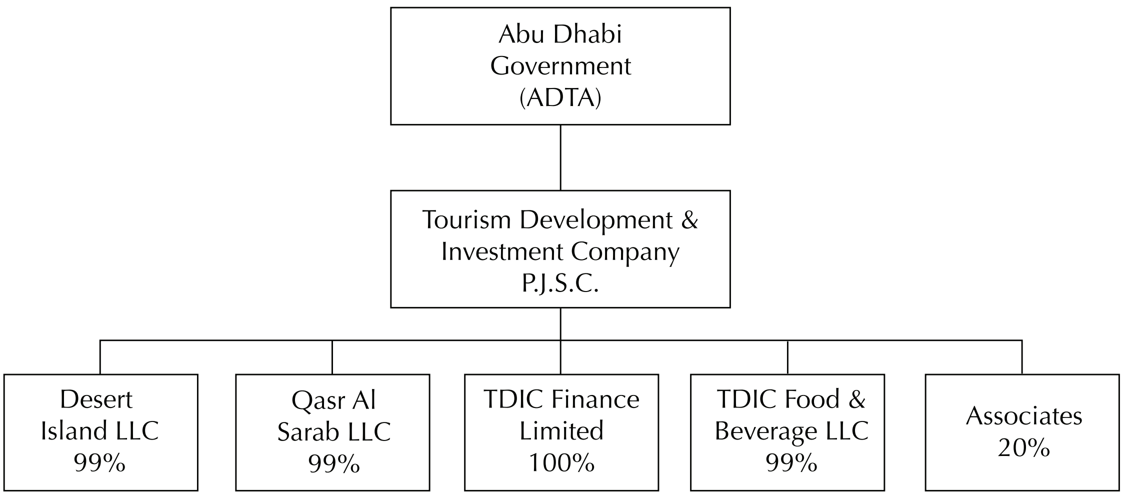
Principal events during TDIC's history include:

September 2004	ADTA established pursuant to Emirate of Abu Dhabi Law No. 7 of 2004.
October 2005	TDIC established pursuant to Emirate of Abu Dhabi Law No. 12 of 2005.
July 2006	TDIC and Solomon R. Guggenheim Foundation ("**SRGF**") entered into a memorandum of understanding relating to the Guggenheim Abu Dhabi Museum.
February 2007	TDIC entered into a contract with the ED Züblin AG/Saif bin Darwish joint venture for the construction of the Saadiyat bridge.
March 2007	Intergovernmental agreement entered into between the U.A.E. government and the government of France relating to the Louvre Abu Dhabi Museum.
April 2007	Trademark license agreement entered into between the U.A.E. government, TDIC and L'Etablissement Public du Musée du Louvre.
August 2007	Opening of the Shangri-La, Qaryat Al Beri hotel.
September 2007	Architectural design services agreement entered into between TDIC and Ateliers Jean Nouvel relating to the design of the Louvre Abu Dhabi Museum.
November 2007	Pre-opening agreement entered into between TDIC and SRGF relating to the design, construction, operation and training of staff for the Guggenheim Abu Dhabi Museum.
	Trademark license agreement entered into between ADTA and SRGF.
	Operating agreement term sheet entered into between ADTA and SRGF relating to the operation of the Guggenheim Abu Dhabi Museum.
January 2008	Services agreement entered into between TDIC and Agence France-Muséums S.A.S. relating to the design, construction, operation and training of staff for the Louvre Abu Dhabi Museum.
June 2008	Architectural design services agreement entered into between TDIC and Gehry Partners LLP relating to the design of the Guggenheim Abu Dhabi Museum.

October 2008	Opening of the Desert Islands Resort & Spa.
November 2008	Design services agreement entered into between TDIC and the Foster + Partners Ltd. and WSP UK Ltd. joint venture relating to the design of the Zayed National Museum.
April 2009	Entry into an agreement with the British Museum for the British Museum to provide advice and counsel on the development of the Zayed National Museum.
May 2009	Ground-breaking ceremony for the Louvre Abu Dhabi Museum.
July 2009	TDIC raised U.S.$1.0 billion in its inaugural issuance under the Programme.
August 2009	Opening of Traders Hotel.
October 2009	TDIC raised U.S.$1.0 billion in its inaugural issuance under its trust certificate (sukuk) issuance programme.
	Opening of Qasr Al Sarab Desert Resort, the Fairmont Hotel and the Sheikh Khalifa Bridge and Highway.
November 2009	Opening of Park Rotana complex.
	Opening of the first phase of Manarat Al Saadiyat.
January 2010	Opening of Gary Player Saadiyat Beach Golf Course and Academy.
March 2010	Opening of the second phase of Manarat Al Saadiyat.
September 2010	Completion of the first phase of development of Hili Fun City.
March 2011	Establishment of TDIC Food & Beverage LLC.

Corporate Structure

The following diagram sets forth TDIC's abbreviated corporate structure as at the date of this Base Prospectus:



TDIC has entered into investments in companies, mainly in the real estate and hospitality sectors to: (i) enhance the delivery process of properties (and in particular hotels); (ii) allow TDIC to concentrate on its core business as a master developer; and (iii) support the development of local enterprises. In return for its contribution of land, TDIC has taken a 20 per cent. equity stake in each of Parc

Hospitality Investment LLC, B2B Hotels & Properties LLC, Emirates Pearl for Development & Investment LLC and Qaryat Al Beri Resort Development Co LLC. See *"— Associates and Strategic Alliances"*.

In 2008, TDIC established Desert Island LLC, which runs TDIC's operations on Sir Bani Yas Island. TDIC holds a 99 per cent. stake in the company, with ADTA holding the remaining 1 per cent. share. In addition, in early 2008, TDIC and several other Abu Dhabi-based founding shareholders established Abu Dhabi Finance Company as a specialised mortgage lender offering home loans in Abu Dhabi. However, TDIC sold its entire 20 per cent. equity stake in Abu Dhabi Finance Company to Mubadala in 2009.

In 2009, TDIC established: (i) Qasr Al Sarab LLC, which runs TDIC's operations at the five-star Qasr Al Sarab Desert Resort (TDIC holds a 99 per cent. stake in the company, with Desert Island LLC holding the remaining 1 per cent. share); and (ii) TDIC Finance Limited, a wholly owned subsidiary, which serves as the issuer under the Programme.

In 2011, TDIC, together with Desert Island LLC, established TDIC Food & Beverage LLC, which serves to manage and operate restaurants, food outlets and bars. TDIC holds a 99 per cent. stake in the company, with Desert Island LLC holding the remaining 1 per cent. share.

Competitive Strengths

TDIC believes its business is characterised by the following key competitive strengths:

TDIC is closely tied to the Government and benefits from its support

TDIC is wholly owned by the Government through ADTA. TDIC is a key strategic asset of, and believes it is an invaluable partner for, the Government, as the Policy Agenda specifically mandates TDIC and contemplates certain of TDIC's projects. TDIC also benefits from strong financial support from the Government. From inception to 31 December 2010, Government contributions consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100 million and contributions of land and other assets of AED 18.6 billion), monetary grants of AED 4.4 billion and Government loans of AED 3.6 billion. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Financial Support from the Government*". As a result of TDIC's role within Abu Dhabi and because a significant number of TDIC's projects represent the Government's investment in Abu Dhabi's infrastructure and local attractions as well as in its own international reputation, TDIC has benefited from significant Government monetary grants for many current projects and expects to receive significant additional Government financial support in the future for certain other projects. For example, the Government has provided TDIC with monetary grants of AED 75 million to be used towards operational costs on the Desert Islands, and a further AED 92 million to be used to develop the Desert Islands infrastructure.

TDIC has a Government mandate for the master planning of Saadiyat and a successful track record for project design and development

TDIC believes that it has a successful track record as a result of its master planning of Saadiyat and the completion of other projects and developments throughout Abu Dhabi such as the Desert Islands Resort & Spa, Manarat Al Saadiyat, Qasr Al Sarab Desert Resort and the Saadiyat Construction Village. In addition, Eastern Mangroves, the Monte Carlo Beach Club (Saadiyat), the St. Regis Saadiyat Resort and The Westin Abu Dhabi Golf Resort & Spa are all scheduled to open by 31 December 2011. Furthermore, TDIC received Urban Planning Council approval of the "Island Wide Detailed Master Plan" for Saadiyat in March 2011. This master plan is the principal planning document for Saadiyat and covers the entire 27 square kilometre area. It also covers the provision of its primary infrastructure, including the Sheikh Khalifa Bridge and Highway and Saadiyat Link. Throughout TDIC's involvement with the design and development of the Saadiyat project, interest from international developers has been strong, which TDIC's management believes underscores the popularity of its master plan.

As a master developer with a strong pipeline of projects, TDIC has significant flexibility to phase, manage and control the construction and release of its projects

As a master developer, TDIC is managing the development of Saadiyat and the Desert Islands, as well as developing a wide range of infrastructure, cultural, hospitality/leisure, residential and commercial/mixed-use projects in these areas and elsewhere in Abu Dhabi. Given the scope of TDIC's projects and TDIC's extensive pipeline of projects in line with the 2030 Economic Vision, TDIC has significant flexibility in determining the timing for the development and marketing of individual aspects of its projects or the timing for the sale of completed properties and land within its projects. TDIC continuously reviews such timing aspects of its developments to ensure that it will obtain the maximum value for its projects. For example, TDIC generally develops its infrastructure projects as early as possible to ensure that it is able to launch and progress future individual projects at times that TDIC believes to be optimal, whether due to general market demand, specific business or development opportunities presented to TDIC or otherwise. This is particularly important in the context of TDIC's residential and commercial/mixed-use projects and land it holds that is available for sale where TDIC seeks to maximise their market value by timing their release and sale to coincide with what TDIC believes to be attractive market conditions. Additionally, TDIC is able to revert to alternative strategies regarding certain projects if TDIC determines that the underlying market conditions are unfavourable and thus do not reflect the underlying value of such projects and properties. Furthermore, this flexibility also allows TDIC the ability to manage its cash flows and the financing of its projects.

TDIC believes its ability to phase and control the release of its developments and land allows it to reduce speculation in its projects, realise greater value on its projects and attract highly desirable purchasers, comprising both sub-developers and end-users, through its careful pre-screening of potential buyers and scheduling of the release and sale of properties. From an operational perspective, by carefully phasing the development of each of its projects, TDIC has attempted to ensure that projects progress in an orderly and efficient manner. As a master developer, TDIC believes its ability to control the phasing of its projects has been instrumental to its ongoing success in developing areas such as Saadiyat and the Desert Islands, which are extremely large in scale.

Furthermore, the Government has, largely based on TDIC's work on Saadiyat, given TDIC additional projects that, in some cases, expand upon the scope of TDIC's original mandate. For example, TDIC has been mandated to undertake the development of the Hodariyat Crossing, a 1,300 metre bridge from Abu Dhabi island to Hodariyat Island. In addition, all of TDIC's current projects, including both master developments and individual projects, are proceeding as planned and TDIC has already completed, or is on the verge of completing, several key projects, such as the Cultural Canal Precinct "*Street of Dreams*", Eastern Mangroves, Desert Islands Resort & Spa, the Gary Player Saadiyat Beach Golf Course and Academy, the Monte Carlo Beach Club, Qasr Al Sarab Desert Resort, St. Regis Saadiyat Resort and The Westin Abu Dhabi Golf Resort & Spa.

TDIC benefits from strong strategic relationships and the ability to leverage off these key relationships

Through operating its business, TDIC has cultivated numerous key relationships with pre-eminent development, tourism, hospitality and leisure organisations. For example, in connection with Saadiyat, TDIC has entered into development, management and other agreements with internationally recognised partners such as the British Museum, Gary Player, the Louvre, Mandarin Oriental, Monte Carlo, St. Regis, SRGF and Troon Golf. TDIC has also developed relationships with a number of internationally renowned architects such as Ateliers Jean Nouvel (the Louvre Abu Dhabi Museum), Gehry Partners LLP (the Guggenheim Abu Dhabi Museum) and Foster + Partners Ltd. (the Zayed National Museum). In addition, through TDIC's connection with the Government, TDIC has established relationships and benefited from contractual arrangements that have been entered into by the Government with a range of other institutions. For example, in connection with TDIC's development of the Louvre Abu Dhabi Museum, TDIC is responsible for executing the terms of an intergovernmental agreement between the government of the U.A.E. and the government of France, which sets the groundwork for the creation of the Louvre Abu Dhabi Museum. Through these relationships, TDIC has obtained significant international recognition for many of its projects and will seek to ensure the quality of TDIC's designs and the timely execution of its projects, as well as the successful operation of its projects after their completion, in order to further enhance TDIC's international standing and reputation.

TDIC benefits from a dedicated and experienced management team

TDIC has a professional and committed senior management team that consists of twelve persons with significant project development experience. TDIC's senior management is dedicated to maintaining and improving TDIC's position as an efficient and integrated master developer of tourism assets throughout Abu Dhabi. TDIC also benefits from a strong Board of Directors including H.H. Sheikh Sultan bin Tahnoon Al Nahyan, TDIC's Chairman and a member of the Executive Council, who is actively involved in the Government and continues to greatly assist TDIC on a day-to-day basis in not only sourcing TDIC's projects, but also in managing TDIC's business.

Strategy

TDIC intends to enhance its competitive position by pursuing, amongst other things, the following key strategies:

Leveraging TDIC's position as the Government's trusted partner for development projects

TDIC was established by the Government to further the economic development and diversification of Abu Dhabi by developing world-class, large-scale infrastructure and tourism projects. TDIC has already been instructed by the Government to work on several of the most prominent and strategic projects encompassed in the 2030 Economic Vision, including the development of Saadiyat and the Desert Islands, and may receive additional Government mandates as development in Abu Dhabi progresses.

With respect to those projects awarded to TDIC by the Government, TDIC works to demonstrate skill in both master developing and general project execution in order to meet the Government's expectations. TDIC will continue to look for opportunities to enhance its overall relationship with the Government by reinforcing its role in executing projects as a trusted partner in the realisation of the Government's vision.

Successfully executing world-class projects to further establish Abu Dhabi's position as a premier international tourist destination

TDIC is focused on creating world-class projects and is dedicated to excellence in execution. TDIC is currently master developing 69 projects that include a diverse range of infrastructure, cultural, hospitality/leisure, residential and commercial/mixed-use developments. Whilst TDIC has developed a strong reputation as a master developer, it must ensure that, in order to enhance its own commercial position and to further the reputation of Abu Dhabi, each project it completes is a success. To this end, TDIC continues to seek to realise the best possible execution of all of its projects through: (i) the experience of TDIC's in-house design management and development team which conducts feasibility studies and due diligence prior to project origination; and (ii) its experienced third party advisors, including surveyors and other project consultants. TDIC believes that its projects will be world-class attractions that further establish Abu Dhabi as a premier international tourist destination. TDIC also believes that, in addition to strengthening the global image and brand of Abu Dhabi, its projects will enhance Abu Dhabi's position as a cultural centre and highlight Abu Dhabi's cultural heritage.

__Continuing to build execution capacity and enhancing TDIC's team through strategic growth__

As TDIC continues to execute additional projects from its existing pipeline of projects, it expects to continue to actively recruit new talent for all lines of its business. TDIC will, however, focus on managing its size and, where possible and efficient, expects to opportunely strengthen and complement its internal capabilities through its various relationships with both local and international organisations with specific expertise.

TDIC seeks to attract and retain highly experienced and committed professionals in order to enhance its capacity to successfully implement its corporate strategy, complete its projects and reinforce its position as an efficient and integrated master developer. Furthermore, TDIC believes that the current market environment provides it with an excellent opportunity to hire experienced, talented and qualified individuals with which to bolster its team. In order to ensure that TDIC hires only the best candidates, TDIC has developed thorough and rigorous assessment procedures to screen candidates' experience and aptitude, and to generally ensure that they fit well within TDIC's corporate culture.

__Continuing to develop existing strategic relationships and to seek new strategic relationships__

TDIC has sought to develop key strategic relationships in order to manage its project pipeline, maintain its flexible structure and help to ensure that its projects are successful, regardless of their size. In addition, TDIC benefits from partnerships, including with the Government, that it and its affiliates have entered into. TDIC believes that such relationships allow it to reduce its exposure to the risks related to the development and operation of individual projects, as many of its partners take on such risks when they agree to act as the sub-developers or operators of TDIC's properties.

TDIC takes a detailed interest in its strategic relationships and, therefore, whenever TDIC forms an association or contractual agreement, it carefully evaluates each potential partner, even in those situations where TDIC has no financial interest in their developments, in order to ensure the success of its overall master developments. TDIC believes that through finding and developing strong partners in Abu Dhabi it can further assist in improving and enhancing the overall commercial and business environment of Abu Dhabi and fulfil its mandate under the Policy Agenda to support the development of local enterprises. TDIC will seek to continue to establish strategic relationships with pre-eminent partners both from Abu Dhabi and abroad in order to enhance its operations and developments.

Project Development

A project development can generally can be classified into four stages: (i) concept; (ii) design; (iii) construction; and (iv) operation, with each of these stages containing a number of steps as detailed in the diagram below. TDIC undertakes a detailed financial review of each individual project at each stage of its development to ensure its projects are progressing on budget.

CONCEPT

- Proposal by Government, usually via H.H. Sheikh Sultan bin Tahnoon Al Nahyan
- Consideration of relevance to the Policy Agenda, the 2030 Economic Vision and the Urban Framework Plan
- Pre-development budget
- Economic feasibility
- Executive management internal approval
- Submission of final proposal to Government
- Financial review

DESIGN

- Detailed studies
- Consultation with external consultants and architects
- Detailed master plan
- Market studies
- Business plan
- Marketing strategy
- Financial review

CONSTRUCTION

- Regulatory approvals from the Urban Planning Council
- Planning permission
- Environmental approvals
- Utilities
- Tender process
- Regular and formal updates to executive management via quarterly reviews
- Financial review

OPERATION

- Sales and leasing of residential and commercial projects
- Operation of strategically important or iconic projects
- Selection of asset management
- Execution of management agreements
- Financial review

Concept Stage

TDIC's projects are proposed to it by the Government, and typically by H.H. Sheikh Sultan bin Tahnoon Al Nahyan, TDIC's Chairman, Chairman of ADTA and a member of the Executive Council. Once TDIC has been instructed to pursue an initial concept, the project development team works to refine and develop the concept and assess its overall feasibility. At this stage, the project development team considers the project's location, infrastructure requirements, asset mix (land use), preliminary design and planning, as well as its overall relevance to the Government's strategy as set out in its Policy Agenda, the 2030 Economic Vision and the Urban Framework Plan. Throughout this process, the project development team works with third party consultants (such as engineers and designers) and the Government. See "*The Abu Dhabi Government's Development Strategy*".

After this initial assessment, the project development team creates a pre-development budget and an economic feasibility study of the project to evaluate its viability. As part of such study, the project development team assesses the project's cash flow characteristics, debt service capacity and any requirements for Government financial support (which may take the form of a monetary grant or Government loan). See "*— Funding Principles and Requests for Government Financial Support*". The project proposal (including the initial business plan, pre-development budget and feasibility report) is submitted to TDIC's executive management for internal approval. Once such approval is secured, the project development team submits the project proposal to the Government for its approval and requests any Government land grant or subsidy that may be required to complete the project. As the Government may continue to provide input on a project throughout the course of its development, a project's master plan may require certain amendments after its approval.

Design Stage

In the design stage, the project development team conducts more detailed analysis in order to refine the initial project proposal and continues to engage third party consultants to further develop the project. The project development team also consults with supervisory bodies, designers, architects and utility providers in order to establish the infrastructure requirements for the project. Throughout this stage the project plan becomes more refined and detailed.

In addition, internal and external market studies are also conducted that involve assessing demand for each asset class in the project (including hotels, residences and retail and office spaces, amongst others), pricing information, sales and leasing strategies, current and future competition and any other factors that could impact the economic return of the project on completion. The initial business plan is then updated which includes the latest budget and, where applicable, a marketing strategy. The budget is a projection of future costs and revenues throughout the lifetime of the project and is refined upon receipt of further information. The marketing strategy plans the timing of the project's launch, the target market, appropriate methods of marketing, how the project will be positioned and the budget for marketing.

Construction Stage

In order to begin construction, the project must secure certain regulatory approvals, including permission from the Urban Planning Council, environmental approvals from the Abu Dhabi Municipality (the "**ADM**") and the Abu Dhabi Environment Agency (the "**ADEA**") and certain other approvals required with respect to utilities.

Upon receipt of such regulatory approvals, tenders for each separate component of the project's construction are issued to potential contractors, who are chosen based on their track record, their ability to complete the project within the anticipated timeframe, their relevant experience and their bid. The project development and project delivery teams evaluate each proposal and make a recommendation to the executive management, which then reviews the proposals and, in some cases, after further negotiation with the contractor, awards the contracts so that construction can commence.

The project delivery team has relative autonomy in its execution of the project, but must report any material changes to the project's master plan and any budget over-runs to the project development team and executive management for approval. Any variance to the budget, timeline and scope is reported by the project delivery team or external project management consultants through their cost reports, which are submitted at least monthly or, in cases of expediency, on an ad hoc basis, and are monitored by the project development team.

Operation Stage

As TDIC's commercial, hospitality, leisure and residential projects are being completed, TDIC's operations team will supervise the leasing, yield management, tenant and partner relationships, and physical maintenance of such assets. TDIC has entered into management agreements whereby it outsources the day-to-day operation of certain assets. TDIC anticipates that its role as asset manager will increase in the coming years as its developments are completed. For further information on TDIC's operational assets, see "*— Sales and Leasing*".

Cultural Programming

In addition to the project development stages listed above, as at 31 December 2010 TDIC had an estimated Cultural Programming spend of approximately AED 7.6 billion, which represents approximately 14 per cent. of TDIC's budgeted 2010-2015 consolidated total capital costs, of which consolidated capital costs of AED 2.4 billion had been spent as of 31 December 2010. This will be used principally to fund art acquisitions, exhibition costs, and contractual obligations with the museum partners.

Cultural Programming is managed by the cultural team, which is responsible for both audience development (for example preparing the audiences of the proposed cultural institutions and overseeing special projects) and museum supervision. Museum supervision encompasses a number of responsibilities including: (i) the preparation of the museums for future operations; (ii) working alongside the museum partners on the strategy for acquisitions, business planning, operations, staffing and training; and (iii) ensuring collaboration, support and synergy between the Cultural District museums.

In addition, the cultural team is responsible for overseeing the delivery of a five-year implementation plan which includes:

- creating and developing a cultural programme to prepare the future audiences of Saadiyat;
- managing the exhibitions (held three times a year) at Arts Abu Dhabi Gallery in Manarat Al Saadiyat;
- managing the Cultural District Exhibition and Abu Dhabi Art (on an annual basis);
- training and education;
- creating the museum operating bodies ("**MOB**") which are the legal entities of the museums and ensuring collaboration between these bodies; and
- developing the cultural team in terms of personnel and department structure.

The Abu Dhabi Urban Planning Council

During various stages of a project's development, TDIC is required to seek approval from the Urban Planning Council. The Urban Planning Council was created by Emiri decree in 2007 to manage Abu Dhabi's urban growth and to ensure that all public and private land and infrastructure projects are developed in accordance with the Policy Agenda, 2030 Economic Vision and Urban Framework Plan. The Urban Planning Council has a key regulatory function in terms of being the approval authority for planning approvals within Abu Dhabi.

The Urban Planning Council conducts a four-stage approval process covering: (i) approval of the outline of a proposed development; (ii) approval at the pre-concept stage of a project's development and planned land use; (iii) approval of more detailed key parameters, such as land use, height and size of buildings, sustainability and community facilities; and (iv) approval of a full detailed plan, including architectural design, landscaping and sustainability.

Project Management

TDIC's business structure is designed to facilitate clear project accountability and to mitigate planning and development risk as far as possible. Responsibility for each project, from concept to operation, rests with a project development sponsor who leads a cross-functional project development team comprising TDIC's core disciplines (including, design, development, finance, marketing and public relations, project delivery and sales and leasing). The project development sponsor and the project development team are involved throughout the life of a project, participating in its initial evaluations, regular process updates and concept review sessions with members of the executive management and Government, and the project's final completion and delivery. See "*Management — Departments*".

Funding Principles and Requests for Government Financial Support

TDIC develops a range of projects that may utilise one or more of the following significant funding sources:

- Deferred monetary grants from the Government are used to finance large infrastructure projects (such as the Saadiyat infrastructure) and projects that would not be commercially viable without Government support (such as the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi Museum). From inception to 31 December 2010, TDIC has received AED 4.4 billion of monetary grants from the Government.

- Cash monetary grants are received from the Government to fund the current operations. TDIC has received monetary grants of AED 75 million in each of the financial years ended 31 December 2010, 2009 and 2008, and has been granted a further AED 75 million for 2011.

- Government loans are used as an alternative to commercial debt to finance projects which TDIC anticipates will generate revenue upon completion. As at 31 December 2010, TDIC had received AED 3.6 billion of Government loans.

- Other grants from Government as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to TDIC with no future related costs.

- Commercial debt, such as loans, project finance and the issuance of medium term notes or trust certificates (sukuk) is primarily used to finance projects whose cash flows are expected to support commercial debt service. Examples of projects which are funded by commercial debt include residential developments and hotel developments (such as Desert Islands Resort & Spa). As at 31 December 2010, TDIC had AED 10.5 billion of commercial debt outstanding.

As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs were to be met by deferred monetary grants from the Government representing 64 per cent. of project funding, Government loans representing 4 per cent. of project funding and commercial debt representing 32 per cent. of project funding. As TDIC is a relatively young company with the bulk of its projects in their infancy, revenue and cash flows from projects have been minimal to date. The majority of TDIC's revenues have been generated from the sale of commercial land or assets (such as hotels) granted to it by the Government. Accordingly, a significant portion of TDIC's funding has historically come from the Government. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Financial Support from the Government*".

As part of its annual budgeting process, TDIC's Board of Directors determines the amount of financial support it will need from the Government to operate its business for the coming year. Requests for monetary grants and other forms of financial support are made to either the executive committee (the "**Executive Committee**") or, as the case may be, the Executive Council. Upon approval from the Executive Committee or the Executive Council, the Abu Dhabi Department of Finance is charged with finalising the details of the terms of the financial support as needed.

Requests for Government financial support for amounts less than AED 120 million are made to the Executive Committee. Such requests are required to be accompanied by a detailed proposal setting forth: (i) the relevance of the project to the 2030 Economic Vision; (ii) the financial viability of the project; (iii) the key risks associated with the development project and strategies for mitigating such risks; (iv) the project implementation plan; and (v) the development timetable. Requests for Government financial support in excess of AED 120 million are made to the Executive Council by a detailed proposal similar to that made to the Executive Committee.

In certain circumstances, particularly for the most significant infrastructure projects which are considered strategic to the Government's tourism development policy, the Chairman of TDIC makes a direct request for Government financial support, by means of a special memorandum procedure, to the Crown Prince of Abu Dhabi, H.H Sheikh Mohamed bin Zayed Al Nahyan. Requests made by the special memorandum procedure do not require the level of detail of supporting documentation detailed above in relation to capital contribution requests made to the Executive Council.

Deferred Government monetary grants are typically maintained in Government accounts and, subject to Government approval, drawn down on a quarterly basis by TDIC as needed. Where TDIC recognises a shortfall in the funds it requires to fulfil its investment objectives for the year, it may request additional funds from the Government during the course of the year, however there is no guarantee that such additional funds will be provided by the Government.

Government support is a fundamental part of TDIC's business operations and TDIC does not believe that it could continue to operate its business as it has done in the past if it does not continue to receive Government support in similar amounts and on similarly favourable terms in the future.

Sales and Leasing

For its residential and commercial projects, TDIC structures its sales and leasing practices to: (i) prevent inflation caused by speculative investors; (ii) support the overall value of its master developments; and (iii) ensure it maintains the goodwill of U.A.E. citizens. TDIC undertakes a careful screening and selection process to ensure properties are sold to, or operated by, individuals and entities that help support or are otherwise complimentary to the Government's strategic projects and objectives to promote Abu Dhabi's high-end tourism market. TDIC strictly limits the number of units a purchaser may acquire, as well as a purchaser's ability to transfer such units prior to completion.

Where a project involves commercial and/or residential development (for example, the commercial leasing of floor space at the Between-the-Bridges Office Development or the sale of residential developments on Saadiyat), a sales and marketing plan is developed at the pre-construction stage. Typically, the marketing plan includes advertising, branding and organising promotional events. TDIC's executive management is responsible for determining the timing of any sale or lease initiatives on a project by project basis. Due to the relative infancy of the majority of its projects, TDIC has, to date, undertaken only limited sales and leasing initiatives. As at 31 December 2010, TDIC has sold 245 villas, 10 land sites and 6 hotel sites on Saadiyat.

TDIC has standard form sales contracts for the sale of freehold and leasehold development land and the sale of freehold and leasehold residential developments. For residential sales, when the sales contract is signed, TDIC will typically receive an initial deposit (which usually takes the form of a 5 per cent. deposit followed by a 10 per cent. down payment) from the purchaser of a property to be developed by TDIC, with further payments (customarily 5 per cent. per quarter) being made in instalments during the construction period. Payment of the final instalment is required before the completed property is delivered. TDIC seeks to ensure that any liability it may have to purchasers of its developed properties for defects in the properties is matched by appropriate contractual provisions in the contracts it enters into with its contractors.

Overview of Significant Projects

Overview

As a master developer, TDIC oversees the development of large-scale projects located throughout Abu Dhabi. As shown on the map opposite, these projects are generally located in two key project areas: (i) Saadiyat, located just off the coast of Abu Dhabi island; and (ii) the Desert Islands, located 200 kilometres west of Abu Dhabi island. The remainder of TDIC's projects are located throughout Abu Dhabi.

TDIC PROJECT MAP – ABU DHABI, UNITED ARAB EMIRATES

Note:
Not all of TDIC's projects are depicted on this map. See "– *Overview of Significant Projects*".

TDIC has completed a number of its significant projects. For example, TDIC completed both the Desert Islands Resort & Spa which opened at the end of 2008 and the Qasr Al Sarab Desert Resort which opened in the third quarter of 2009. TDIC also completed the Gary Player Saadiyat Beach Golf Course and Academy in the first quarter of 2010 and the Saadiyat Construction Village in the third quarter of 2010, and expects to complete both the Eastern Mangroves, the Monte Carlo Beach Club and The Westin Abu Dhabi Golf Resort & Spa by the end of 2011.

The following table presents TDIC's most significant completed projects and current projects under development by project area and project type. A more detailed description of each is set forth below.

Key

GG: Government Grants
GL: Government Loan
CDF: Commercial Debt Financing

Project Name	Phase	Funding Source	Construction Start Date	Estimated Completion Date	Project Cost (AED millions) as of 31 December 2010)
Saadiyat					
Saadiyat Master Planning and Infrastructure	Construction/ Operations	GG/GL/ CDF	Q3 2006	Ongoing	5,867
Guggenheim Abu Dhabi Museum	Construction	GL	Q4 2009	Q1 2015	711
Louvre Abu Dhabi Museum	Construction	GL	Q3 2009	Q4 2013	644
Zayed National Museum	Construction	GL	Q3 2009	Q4 2014	397
Gary Player Saadiyat Beach Golf Course and Academy	Operations	CDF	Q2 2008	Completed	368
St. Regis Saadiyat Resort and Residential	Construction	CDF	Q3 2008	Q4 2011	1,251
Monte Carlo Beach Club	Construction	CDF	Q3 2010	Q3 2011	36
Saadiyat Beach Villas Phase One	Construction	CDF	Q3 2009	Q4 2011/ Q2 2012	483
Saadiyat Beach Apartments Phase One	Construction	CDF	Q1 2010	Q1 2012	171
Saadiyat Construction Village	Operations	CDF	Q2 2008	Completed	851
Cultural Canal Precinct Phase One	Design	CDF	Q3 2011	Q4 2013	4
Desert Islands					
Desert Islands Master Planning and Infrastructure	Construction/ Operations	GG	Q3 2009	Q4 2018	209
Al Sahel Lodge	Construction	GL	Q4 2010	Q4 2011	10
Al Yamm Lodge	Construction	GL	Q4 2010	Q4 2011	10
Desert Islands Resort & Spa	Operations	GG/GL	Q3 2006	Completed	430
Other					
Hodariyat Crossing	Construction	GG	Q4 2009	Q2 2012	325
The Westin Abu Dhabi Golf Resort & Spa	Construction	CDF/GG	Q4 2009	Q4 2011	363
Qasr Al Sarab Desert Resort	Operations	GL/GG	Q1 2008	Completed	1,602
Eastern Mangroves	Construction	CDF/GG	Q1 2008	Q4 2011	782
Qasr Al Ain Hotel	Design	GG	Q4 2011	Q4 2014	39
Between-the-Bridges Office Development	Construction	CDF	Q3 2008	Q3 2013	346
Al Bateen Wharf and Marina	Construction	GG	Q1 2009	Q1 2013	161

Saadiyat

Overview

The master development of Saadiyat is one of TDIC's flagship projects. With a range of leisure, cultural and residential facilities, TDIC believes that Saadiyat will be a premier tourist destination and a modern integrated master planned community. Saadiyat covers an area of approximately 27 square kilometres and is located less than one kilometre east of the Mina district of Abu Dhabi island. The island is designed to include museums (including the Guggenheim Abu Dhabi Museum, the Louvre Abu Dhabi Museum and the Zayed National Museum), a performing arts centre, two golf courses, several active marinas, as well as built-up areas representing approximately 500,000 square metres of retail space, approximately 2,021,000 square metres of office space, approximately 10,275,000 square metres of residential space, approximately 1,653,000 square metres of hospitality space, approximately 760,000 square metres of civic facilities and approximately 200,000 square metres of cultural facilities. The project will be approximately one-quarter of the size of Abu Dhabi island and is designed to house approximately 145,000 residents. The total gross floor area of the developments on Saadiyat is expected to be 15.4 million square metres, much of which is intended to be developed according to an ecologically sensitive, low density plan. With the exception of the furthest north-eastern tip (Saadiyat Retreat), TDIC owns all the land comprising Saadiyat, having been granted such land by the Government.

TDIC's approved master plan for Saadiyat consists of seven unique districts built in a varied but overall modern style of architecture. These districts include: (i) Saadiyat Cultural District, designed to be home to premier cultural institutions as well as other hospitality/leisure, residential and commercial/mixed-use developments; (ii) Saadiyat Beach, designed to include nine five-star landscaped resorts and an 18-hole golf course designed by Gary Player; (iii) Saadiyat Promenade, designed to be an active leisure orientated beachfront development at the heart of Saadiyat's resort offerings, oriented around middle-income families; (iv) Saadiyat Reserve, designed to include exclusive villas and a mangrove wetlands based tournament-class golf course; (v) Saadiyat Lagoons, designed to feature a blend of Emirati and expatriate mid-range and luxury low and medium rise housing; (vi) Saadiyat Marina, designed to include waterfront restaurants and hotels around a 1,000 berth marina, residential properties at varying prices and transit oriented developments, leisure and entertainment facilities; and (vii) Saadiyat Retreat, planned as an exclusive luxury low density district comprising villas and boutique hotel offerings. Saadiyat is linked directly to central Abu Dhabi by the recently opened Sheikh Khalifa Bridge, with the new Saadiyat Shahama Highway passing through it en route to Yas Island and providing easy access to routes onward to the Emirate of Dubai.

The map below presents the various districts that comprise Saadiyat:

Saadiyat Infrastructure

As part of TDIC's master plan, TDIC is developing the island's infrastructure, including roads, bridges, canals, waste and water treatment plants, cooling plants, water networks, electrical networks, potable water reservoirs and irrigation systems. The majority of the infrastructure has been constructed in the Saadiyat Beach district and is operational. For example, the Sheikh Khalifa Bridge, which connects the island to the heart of Abu Dhabi island, was built by a joint venture between Saif bin Darwish and ED Züblin AG and was completed in the third quarter of 2009. In addition, four 133kV electrical substations have been constructed in the Saadiyat Beach district and of these, two are currently operational. Other ongoing infrastructure projects include the permanent Saadiyat Mina Link (a five lane expressway tunnel that connects Saadiyat with the Corniche and Salam Street tunnels on Abu Dhabi island) which is scheduled for completion in 2014 and the Saadiyat Primary Waste Water Treatment Plant which is scheduled for completion in the first quarter of 2012. Saadiyat's entire infrastructure is expected to be completed in line with the overall island development to be completed around 2030.

As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the infrastructure for Saadiyat was estimated at AED 12.2 billion, of which consolidated capital costs of AED 5.9 billion had been spent as of 31 December 2010.

Culture

The Cultural District of Saadiyat, through its leading museums and performing arts centre, is designed to position Abu Dhabi as a leading tourist destination in the Middle East. The Cultural District will feature the first Louvre museum outside of France and the largest Guggenheim museum in the world. The Cultural District will include a one and a half kilometre long, navigable canal that will link the district's museums and include approximately 66,500 and approximately 103,100 square metres of retail and commercial space, respectively. The day-to-day operations of each of the museums, including the Louvre Abu Dhabi Museum, the Guggenheim Abu Dhabi Museum and the Zayed National Museum, will be overseen by their respective MOBs.

As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Guggenheim Abu Dhabi Museum, the Louvre Abu Dhabi Museum and the Zayed National Museum was estimated to be approximately AED 9.5 billion, of which consolidated capital costs of AED 1.75 billion had been spent as of 31 December 2010. In addition, as at 31 December 2010, TDIC had an estimated Cultural Programming spend of approximately AED 7.6 billion.

The Guggenheim Abu Dhabi Museum

On 8 July 2006, TDIC entered into a memorandum of understanding with SRGF pursuant to which TDIC has been granted the rights to construct the largest Guggenheim museum in the world and the only Guggenheim museum in the Middle East. The museum is designed to include approximately 13,000 square metres of gallery space. Construction on the museum began in the fourth quarter of 2009 and the museum's geotechnical works were completed in January 2010, with the detailed design stage completed in April 2010 and the museum's structural seawall completed in May 2010. A partial full-scale prototype of the iconic architectural cone structures of the museum will be completed by the fourth quarter of 2011. Further enabling works, including installation of approximately 1,500 piles was completed in February 2011. As at the date of this Base Prospectus, the sub-structure and structural works were under tender. The museum is expected to be completed in the first quarter of 2015.

The Louvre Abu Dhabi Museum

On 6 March 2007, the government of the U.A.E. and the government of France entered into an intergovernmental agreement setting the groundwork for the development of the first Louvre museum outside of France. See "*Material Contracts – Museum Contracts – Louvre Abu Dhabi Museum - L'Etablissement Public du Musée du Louvre*". The museum is designed to include a gross floor area of approximately 63,055 square metres. The museum is being designed by Ateliers Jean Nouvel and will exhibit fine art, decorative art and other artefacts from the Musée du Louvre's collection in Paris and from other French national museums. The museum's ground breaking ceremony took place in May 2009 and construction began in the third quarter of 2009. The first stage of enabling works, consisting of the excavation of approximately 500,000 cubic metres of earth, was completed in January 2010 by Bauer International FZE. The second stage of enabling works, consisting of the driving of approximately 4,300 piles that total together approximately 94.2 kilometres in length, has commenced and is also being carried out by Bauer International FZE. TDIC has recently put out to tender, although as at the date of this Base Prospectus, it had not awarded, a combined sub-structure and super-structure (including the dome) building contract which will incorporate separate procurement packages for, amongst other things, mechanical and electrical building services and some unique finishes. Further specialist contracts associated with museum-related works will be separately tendered during the course of 2011. The museum construction is expected to be completed in the fourth quarter of 2013.

The Zayed National Museum

The Zayed National Museum is being designed by Foster + Partners Ltd. The museum will present Emirati culture and convey the life and experiences of H.H. Sheikh Zayed bin Sultan Al Nahyan, the late ruler of Abu Dhabi and first President of the U.A.E., as well as the regional history context. The museum is expected to have a gross floor area of approximately 36,668 square metres, including approximately 7,500 square metres of exhibition space. TDIC has entered into an agreement with the British Museum to provide expert advice and counsel on the development of the Zayed National Museum. The British Museum will serve as a consulting partner to the MOB and will advise on a range of issues, including design, construction and museography. The prominent Cultural District site on which the Zayed National Museum will be built was made available for enabling works in April 2009 and construction began in the third quarter of 2009. The first phase of enabling works, including bulk excavation in respect of the development of the canal and the driving of sheet piles around the canal perimeter, was carried out by Swissboring Overseas Corporation Limited, and was completed in January 2010. The second phase of enabling works, consisting of additional piling works, was awarded to NSCC International Limited and was completed in July 2010. The sub-structure contract was awarded in October 2010 to an unincorporated joint venture between Al Habtoor Engineering Enterprises Co. LLC and Murray & Roberts Contractors (Abu Dhabi). The museum is expected to be completed in the fourth quarter of 2014.

Other

In addition to the museums described above, the Cultural Canal precinct is also designed to include a number of cultural pavilions along the canal. In addition, the Cultural Canal precinct is designed to host a performing arts centre, housing a number of theatres with a combined seating capacity of approximately 6,300. The adjacent Saadiyat Marina is designed to house a Maritime Museum, showcasing Abu Dhabi's unique maritime and pearling heritage. In addition, the Cultural District is expected to host various events and activities designed to attract the public to the area.

Hospitality/Leisure

The Gary Player Saadiyat Beach Golf Course and Academy

The 18-hole championship Gary Player Saadiyat Beach Golf Course and Academy was designed by Gary Player and is located adjacent to eight hotels and a residential community. The golf course includes a gross land area of approximately 1,246,150 square metres and a gross floor area, consisting primarily of the academy, of approximately 2,500 square metres. Leighton Contracting (Abu Dhabi) LLC ("**Leighton**") served as the project's main contractor. The project's operations are overseen by Troon Golf Suisse Sàrl, a well-known and experienced golf course operator. The Gary Player Saadiyat Beach Golf Course and Academy was opened in January 2010. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Gary Player Saadiyat Beach Golf Course and Academy was AED 479 million.

St. Regis Saadiyat Resort

St. Regis Saadiyat Resort is designed to include a luxury hotel and residential community surrounding the Gary Player Saadiyat Beach Golf Course and Academy. The project will include 380 hotel rooms, 259 branded residential apartments, 33 signature villas, eight restaurants, lounges, conference facilities, a luxury spa and fitness facilities and over 9,300 square metres of retail space. TDIC has engaged Mirage Mille Leisure & Development Incorporated to project manage the design and construction of this resort. TDIC has also engaged St. Regis, which is the luxury brand of Starwood Hotels & Resorts Worldwide Inc., to operate the hotel. See "*Material Contracts – Operations and Management Contracts – St. Regis Saadiyat Resort*". Construction commenced in the third quarter of

2008 and the project is expected to be completed in the fourth quarter of 2011. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the St. Regis Saadiyat Resort was estimated at AED 3 billion, of which consolidated capital costs of AED 1.1 billion had been spent as of 31 December 2010.

Other

In addition to the projects described above, TDIC is also currently developing a Monte Carlo-branded beach club, the Monte Carlo Beach Club.

Residential

Saadiyat Beach Villas and Apartments

The Saadiyat Beach Villas and Apartments are designed to be a high-end, gated community surrounding the Gary Player Saadiyat Beach Golf Course and Academy.

Construction of the Saadiyat Beach Villas commenced in the third quarter of 2009. Phase one of the Saadiyat Beach Villas project consists of 354 villas, 245 of which have been pre-sold. The villas have been sold as 99-year leaseholds to non-U.A.E. nationals and as freeholds to U.A.E. and GCC nationals. Saadiyat Beach Villas are being built in three styles: Arabian, Mediterranean and Contemporary. Ten villas from the first phase were delivered on 15 April 2011 to showcase the villa designs for sales and marketing purposes. Phased handover of the remaining villas is expected to commence in the fourth quarter of 2011. The infrastructure for the villas and associated community facilities is being undertaken by Hilal Bilbadi & Partners Contracting Company WLL. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Saadiyat Beach Villas was estimated at AED 2.2 billion, of which consolidated capital costs of AED 431.3 million had been spent as of 31 December 2010.

The Saadiyat Beach Apartments and community facilities are planned to be the first medium density residential development available on Saadiyat. The project is designed to include a range of standard, mid-range and premium apartments developed in two architectural styles, Mediterranean and Arabian. The project envisages approximately 963 apartments constructed in three phases, the second and third of which are currently hibernated. The concept design for each apartment building was undertaken by AN Design International and JZMK Partners. Detailed design of the project is currently underway by GHD Global Pty Ltd. The first phase of apartments, consisting of 495 units, commenced construction in the first quarter of 2010 and is expected to be completed by the first quarter of 2012, followed by a phased leasing and sales programme staggered over an additional four years. As at 31 December 2010, TDIC's estimated budget to complete the Saadiyat Beach Apartments was estimated at AED 876.8 million, of which consolidated capital costs of AED 176.4 million had been spent as of 31 December 2010.

Saadiyat Construction Village

The Saadiyat Construction Village has been constructed in two phases. Phase one of the Saadiyat Construction Village is designed to house approximately 20,000 workers engaged in the construction of various projects on and around Saadiyat during the course of the island's development. The accommodation complex is designed as an enabling project to be leased to contractors during the development of Saadiyat, after which time the housing will be removed from the island to make land available for other developments. The village (fully built) covers approximately 40 hectares and includes dining areas, sports and leisure facilities, shops, internet stations, recreational parks and laundry facilities. The accommodation has been constructed using a number of sustainable features such as solar water heating, light wells and water saving features in line with TDIC's sustainable development values. Work commenced in the second quarter of 2008 and phase one of the project was completed in the third quarter of 2010. As of 31 December 2010, approximately 10,000 workers resided at the village. The total capital cost of phase one of the Saadiyat Construction Village was AED

888 million. Phase two of the Saadiyat Construction Village, which is designed to bring housing capacity up to 40,000 workers, has been hibernated.

Commercial/Mixed-Use

The Cultural Canal Precinct

The Cultural Canal precinct is designed to serve as a link between the Cultural District's cultural institutions and museums as well as a stand-alone attraction featuring a diverse range of boutique hotels, approximately 103,070 square metres of office space (targeting creative and knowledge-based industries), approximately 66,500 square metres of retail space and approximately 579,700 square metres of residential space. The canal, including a traditionally inspired souk, has been designed to serve as a pedestrian link between the area's cultural institutions and museums, as well as a stand-alone attraction. Construction, including the dredging of the canal, has commenced and the project is expected to be completed by 2013 in line with the opening of the museums. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Cultural Canal precinct was AED 4.5 billion, of which consolidated capital costs of AED 3.7 million had been spent as of 31 December 2010.

Other

TDIC has commenced concept planning for the construction of approximately eleven educational nurseries across Saadiyat. The opening date of the first nursery is targeted for the third quarter of 2012, with the delivery of further nurseries being aligned to demand and the overall development of Saadiyat.

The Desert Islands

Overview

The Desert Islands consist of a grouping of seven islands situated approximately 200 kilometres west of Abu Dhabi island. The Desert Islands include Sir Bani Yas Island, the Desert Islands' largest island, which is an 87 square kilometre island, representing an area approximately as large as Abu Dhabi island, parts of neighbouring Dalma Island, and five smaller surrounding islands. Although Sir Bani Yas Island is owned by the Government, in 2007 the Government granted TDIC the rights to develop the island, together with the other Desert Islands, which TDIC oversees, as one ecological tourism destination.

With its wildlife sanctuaries, beaches and natural marine habitats, the Desert Islands are designed to further the vision of ecological preservation of H.H. Sheikh Zayed bin Sultan Al Nahyan, the late ruler of Abu Dhabi and the first President of the U.A.E., who had previously established an Arabian wildlife preserve on Sir Bani Yas Island, the largest of these islands. The development of the island group also aims to use extensive sources of alternative energy, including wind farms and solar energy, to meet the islands' energy needs.

TDIC expects to have 124 rooms available to accommodate approximately 18,500 visitors per annum to the Desert Islands by the end of 2011 with the construction of Al Sahel Lodge (30 villas), Al Yamm Lodge (30 villas) and the existing Desert Islands Resort & Spa (64 keys). As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Desert Islands was estimated at AED 2.3 billion, of which consolidated capital costs of AED 932.5 million had been spent as of 31 December 2010.

Sir Bani Yas Island

Infrastructure

The Desert Islands' infrastructure consists primarily of developing a logistics area located in the western region of Sir Bani Yas Island and the Desert Islands' island-wide infrastructure. Infrastructure works (including strategic acquisitions of aircrafts) commenced in the third quarter of 2009, and the island-wide infrastructure project is expected to be completed in the fourth quarter of 2018.

Culture

The Desert Islands are designed to include a range of cultural and tourism offerings, including an equestrian centre, a dive fishing and sports centre, a conference centre and a planned heritage and cultural centre at the site of the ruins of a seventh century Christian monastery.

Hospitality/Leisure

Sir Bani Yas Lodges

The Sir Bani Yas Lodges are designed to consist of two boutique lodges that will provide approximately 60 rooms. Each of the lodges will be designed to provide its own unique experience, and will be operated by Anantara. Al Sahel Lodge will be located in the centre of the Arabian Wildlife Park and comprise 30 villas, two restaurants, a library and a retail outlet. Al Yamm Lodge will be located on the coast and comprise 30 villas, restaurants, a library, a retail outlet and a gymnasium. Construction of the lodges commenced in the fourth quarter of 2010 and the projects are expected to be completed in the fourth quarter of 2011. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Sir Bani Yas Lodges was estimated at AED 332 million, of which consolidated capital costs of AED 22 million had been spent as of 31 December 2010.

Desert Islands Resort and Spa

In October 2008 TDIC completed the Desert Islands Resort & Spa. The hotel is set within a working animal sanctuary on Sir Bani Yas Island and has 64 keys. Desert Islands Resort & Spa has facilities including a gym, a spa, three food and beverage venues, as well as a business centre and meeting facilities. Visitors to the hotel can also take part in activities including wildlife drives, kayaking, hiking, nature walks and mountain biking.

Other Projects

Overview

Other significant projects that have been developed or are currently under development include: (i) Qasr Al Sarab Desert Resort, a desert resort situated in Liwa Desert's empty quarter; (ii) The Westin Abu Dhabi Golf Resort & Spa, a golf course and residential development located east of downtown Abu Dhabi island; (iii) Eastern Mangroves, an eco-retreat located on the east coast of Abu Dhabi island; (iv) Between-the-Bridges Office Development, a commercial office development on Abu Dhabi island featuring significant leasable office space; (v) Hodariyat Crossing; (vi) Qasr Al Ain Hotel; and (vii) Al Bateen Wharf and Marina.

Infrastructure

Hodariyat Crossing

The Hodariyat Crossing is designed to be a 1,300 metre, six lane bridge from Abu Dhabi island to Hodariyat Island. Construction of this project began in the fourth quarter of 2009 and is scheduled to be completed in the first half of 2012. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Hodariyat Crossing was estimated at AED 548 million, of which consolidated capital costs of AED 303.1 million had been spent as of 31 December 2010.

Hospitality/Leisure

The Westin Abu Dhabi Golf Resort & Spa

The Westin Abu Dhabi Golf Resort & Spa is located east of the Abu Dhabi island downtown area on the site of the existing Abu Dhabi Golf Club. TDIC began work on a substantial upgrade of the Abu Dhabi Golf Club in 2009, constructing a new gatehouse, improved signage, a new approach road and extensive landscaping. The refurbishment of the Abu Dhabi Golf Club's interior was completed in the fourth quarter of 2010.

At the resort's centre, TDIC has planned a 172 room Westin Hotel Spa, the first property in Abu Dhabi to be managed by Westin, a part of Starwood Hotels & Resorts Worldwide Inc., which manages an extensive global network of hotels and resorts. The hotel is designed to include a wellness centre, a gymnasium, an indoor climbing wall, two squash courts, a tennis academy and a hammam-inspired spa with nine treatment rooms. The resort concept was designed by international resort and leisure experts Northpoint (Pty) Ltd of South Africa. The working design architect is Chicago's GRECArchitects and the project's interior has been designed by the hospitality specialists GETTYSWorldwide. The hotel's piling, foundation and ground floor were completed in June 2009. Construction on the hotel's remaining above ground works started in the first quarter of 2010 and is expected to be completed in the fourth quarter of 2011. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of The Westin Abu Dhabi Golf Resort & Spa was estimated at AED 783 million, of which consolidated capital costs of AED 321.4 million had been spent as of 31 December 2010.

Qasr Al Sarab Desert Resort

Qasr Al Sarab Desert Resort, a five-star Arabian retreat, is currently operational and is located seven kilometres from the main Hamim Highway crossing Abu Dhabi's Liwa Desert. The retreat covers over 2,400 hectares of land located 150 kilometres from the Abu Dhabi International Airport and includes a hotel with 154 rooms, 52 villas (with an option to sell 42 villas to U.A.E. nationals under a rental ownership plan), a luxury health spa, a conference centre, four restaurants, a business centre, leisure and fitness facilities, adjoining excursion and tented villages and a children's playground. At the adjoining excursion and activities centre, guests are able to sample traditional desert pursuits, including falconry and camel riding, and are able to depart on a range of tours and safaris. Conference facilities are being constructed to host a wide range of conferences and conventions, with a banqueting and meeting hall capacity for 200 people.

The South African architecture firm Northpoint (Pty) Ltd. and the Dubai architecture firm Dubarch designed Qasr Al Sarab Desert Resort, the South African/U.A.E. joint venture ALEC/Al Jaber was awarded the construction contract, the international consultancy of Turner & Townsend was appointed project manager and the Thai hospitality operator Anantara operate the hotel. Construction commenced in the first quarter of 2008 and the hotel was opened in October 2009.

As at 31 December 2010, the total capital cost of Qasr Al Sarab Desert Resort was AED 1.6 billion. Given its remote location, this project would not have been commercially viable without the Government's assistance in offsetting certain costs with respect to implementing necessary infrastructure. For example, the Government provided TDIC a monetary grant to cover the costs of building a road leading to the resort, building staff accommodation at the project location and ensuring the delivery of utilities.

Eastern Mangroves

TDIC is developing the Eastern Mangroves as an ecological tourism retreat located on the east coast of Abu Dhabi island within its protected eastern mangroves. The development is designed to consist of 224 hotel rooms, 77 chandlery apartments, 50 luxury three bedroom apartments available for sale on a freehold basis to U.A.E. nationals and 93 marina apartments. The resort will include marina facilities, a quayside promenade, a ballroom, conference facilities, three restaurants, a rooftop lounge, a signature spa, interactive educational media and retail outlets. Construction, including the stages of land reclamation, commenced in 2008 and the project is expected to be completed in the fourth quarter of 2011. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Eastern Mangroves was estimated at AED 2.1 billion, of which consolidated capital costs of AED 788 million had been spent as of 31 December 2010.

Qasr Al Ain Hotel

The Qasr Al Ain Hotel is designed to be a luxury hotel with the ability to host a GCC conference. The hotel will feature 250 rooms, 40 villas, an 18-hole championship golf course, with a nine-hole lighted golf course and fitness and spa facilities. Preliminary earthworks are projected to commence in the fourth quarter of 2011. The project is expected to be completed in the fourth quarter of 2014. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of Qasr Al Ain Hotel was estimated at AED 3.1 billion, of which consolidated capital costs of AED 32.1 million had been spent as of 31 December 2010.

Other

In addition to the projects set forth above, TDIC is undertaking the development of staff accommodation for employees working in its hotels in Abu Dhabi and Hili Fun City (a redevelopment of Al Ain's existing theme park).

Commercial/Mixed-Use

Between-the-Bridges Office Development

The Between-the-Bridges Office Development is being developed between the Maqta and Musaffah Bridges on Abu Dhabi island and is designed to be a nine-storey tower that includes three basement levels with approximately 1,135 underground parking spaces, three restaurants and a gymnasium. The building's overall gross floor area will be approximately 65,000 square metres, which will be available for lease by third party tenants.

The building has been designed by Singapore's Surbana Consultants and has been designed to employ environmentally sustainable features such as an integrated photovoltaic roof to harness solar energy as well as green decks at the rooftop level of adjoining blocks to actively reduce heat transfer into the building. The Japanese architect Shigeru Ban was commissioned for the atrium design and all common area interior spaces. The building will be constructed with a view to achieving a LEED Gold rating from the U.S. Green Building Council. TDIC commenced construction in the third quarter of 2008 and has so far completed all of the foundation works and two levels of the basement car park. The project is expected to be completed in the third quarter of 2013. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Between-the-Bridges Office Development was estimated at AED 954.8 million, of which consolidated capital costs of AED 334.7 million had been spent as of 31 December 2010.

Other

TDIC is also developing the Al Bateen Wharf and Marina in order to rehabilitate one of the oldest areas of Abu Dhabi island. Al Bateen Wharf and Marina is designed to cover a land area of approximately 36,590 square metres and include a total gross floor area of approximately 15,700 square metres. The project will comprise a marina with 323 fishing boat berths in phase 1, while phase 2 will comprise a fisherman's community centre, retail and restaurants, 3 car parks with a total capacity of approximately 770 cars, a dry stack building that will be able to house approximately 150 boats, a yacht club, a luxury yacht marina and a boardwalk. Phase 1 was completed in the first quarter of 2010. Phase 2 commenced in the first quarter of 2011 and is expected to be completed in the first quarter of 2013. As at 31 December 2010, TDIC's budgeted 2010-2015 consolidated total capital costs in respect of the Al Bateen Wharf and Marina was estimated at AED 550 million, of which consolidated capital costs of AED 161 million had been spent as of 31 December 2010.

Associates and Strategic Alliances

Associates

TDIC has investments in a number of local companies to develop real estate projects. Historically, TDIC has taken a 20 per cent. equity stake in an associate in return for the land which TDIC contributes to the associate. More recently, TDIC provided land to an associate under a long-term ground development lease agreement with a fixed annual rent and a percentage rent based on project revenue. The underlying business purpose of these associates is to: (i) enhance the delivery process of properties (in particular hotels); (ii) allow TDIC to concentrate on its core business of master planning; and (iii) support the development of local enterprises.

TDIC holds the following investments in local companies as of the date of this Base Prospectus:

Name of Company	Project	Activities	Ownership Interest (as at the date of this Base Prospectus)
Parc Hospitality Investment LLC	Park Rotana complex	Hospitality	20%
B2B Hotels & Properties LLC	Fairmont Hotel	Hospitality	20%
Emirates Pearl for Development & Investment LLC	Regent Emirates Pearl	Hospitality	20%
Qaryat Al Beri Resort Development Co LLC	Shangri-La Hotel and Traders Hotel	Hospitality	20%

In January 2008, TDIC entered into a development agreement with the Al Mada Tourism Investment Company LLC forming Parc Hospitality Investment LLC, a joint venture company established to develop the Park Rotana complex, a mixed-use development being built near Khalifa Park on the eastern side of Abu Dhabi island. TDIC holds a 20 per cent. equity stake in the company. The five-star hotel is operated by Rotana and includes 318 rooms and suites, 172 serviced apartments, 199 rental apartments, 27,000 square metres of office space, 6 restaurants and leisure and fitness facilities. The Park Rotana complex was opened in November 2009.

In January 2007, TDIC entered into a development agreement with the Al Fahim Group, a joint liability company established in the U.A.E. and one of the largest holding companies in Abu Dhabi, forming B2B Hotels & Properties LLC, a joint venture company established to develop the Fairmont Hotel at Abu Dhabi Creek. TDIC holds a 20 per cent. equity stake in the company. The five-star, beachfront business hotel is operated by Fairmont Hotels and Resorts and includes 369 rooms, 6 meeting rooms and business facilities, 8 restaurants, banqueting and conference facilities, retail outlets, leisure and fitness facilities, 19 villas, and it will include a 60,000 square metre office tower. The hotel was completed in October 2009, and the office tower is expected to be completed in the second half of 2012.

In January 2007, TDIC entered into a development agreement with Atlas Telecommunications forming Emirates Pearl Hotel LLC (subsequently changed to Emirates Pearl for Development & Investment LLC), a joint venture company established to develop the Regent Emirates Pearl, a beach resort designed to cover a land area of approximately 9,728 square metres and include a gross floor area of approximately 130,000 square metres. TDIC holds a 20 per cent. equity stake in the company. The five-star, 46-storey hotel will be located in the south-west of Abu Dhabi island's corniche, opposite the seven-star Emirates Palace Hotel, and will be operated by Regent Hotels. The hotel will sit above a 22 metre, five-storey podium and will include 377 rooms and suites, 60 serviced apartments, business and meeting facilities, restaurants, banqueting and conference facilities, 691 underground parking spaces, retail outlets and leisure and fitness facilities. The hotel is expected to be completed in the second half of 2012.

In July 2007, TDIC entered into a development agreement with Mr Obaid Khalifa Jaber Al Marri, Chairman of the Al Jaber Group, a construction and development company in the U.A.E., to develop the Shangri-La Hotel and Traders Hotel. TDIC holds a 20 per cent. equity stake in the associate, Qaryat Al Beri Resort Development Co LLC. The five-star Shangri-La Hotel is also operated by Shangri-La Asia Limited and includes 214 rooms, 161 serviced apartments and 6 villas, a business centre, a spa, 5 restaurants and leisure and fitness facilities. The five-star Traders Hotel is operated by Shangri-La Asia Limited and includes 301 rooms, 51 "Trader" club rooms designed for business guests, a business centre, a spa, a private beach, restaurants and leisure and fitness facilities. The Shangri-La Hotel opened in August 2007 and the Traders Hotel opened in August 2009.

Development leases

In February 2007, TDIC entered into a 99-year development lease agreement with Al Farida Investment Company LLC, a U.A.E. company that invests primarily in commercial, hospitality and leisure, mixed-use, residential and retail real estate, to develop the Rocco Forte Abu Dhabi. TDIC will receive an annual base rent of AED 2,500,000 upon project completion, plus a percentage of gross project revenue. The Rocco Forte Abu Dhabi is a mixed-use development located near Abu Dhabi's main commercial district and has been designed to cover a land area of approximately 25,790 square metres and include a gross floor area of approximately 137,865 square metres. The project is expected to comprise two 11-storey towers surrounded by a high-end shopping galleria and public gardens. The project's five-star hotel will be operated by the Rocco Forte Collection of Hotels and is expected to include 281 rooms, 154 serviced apartments, 87 rental apartments, 6 restaurants, banqueting and conference facilities, approximately 750 underground parking spaces, retail outlets and leisure and fitness facilities. The project is expected to be opened by the fourth quarter of 2011.

Other

In addition to TDIC's projects described above, the development of certain hospitality projects, such as the Park Hyatt Abu Dhabi Hotel and Villas, expected to be completed in the fourth quarter of 2011, as well as the proposed Saadiyat Rotana Resort and the proposed Shangri-La Hotel, Saadiyat, are being developed by third parties on land acquired from TDIC as part of the Saadiyat master plan.

TDIC has also entered into a number of lease agreements with third parties, under which the third parties will develop plots of land (including infrastructure) and on completion of the projects being developed, TDIC will receive rental income, for example, at Zayed Sports City. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key factors affecting results of operations — Revenue driven primarily by land sales and hospitality/leisure business*".

Strategic Alliances

In 2008, TDIC entered into a strategic alliance with AECOM Technology Company ("**AECOM**"), a leading global provider of professional technical and management support services. The alliance with AECOM provides for AECOM to deliver overall programme-management services for the Saadiyat Cultural District (which includes the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi Museum) and other parts of Saadiyat, from signage and lighting to irrigation systems and drainage.

Health and Safety

TDIC must comply with all U.A.E. federal and local Abu Dhabi health and safety laws and regulations, which includes meeting the requirements of the Abu Dhabi Emirate Environment, Health and Safety Management System for the Building and Construction Sector ("**EHSMS**"), regulated by ADM and the ADM health and safety codes of practice for construction projects. TDIC is committed to meeting all regulatory health and safety requirements and has an exemplary site safety record as a result. ADM's site safety inspectors have the right to enter any TDIC construction site at any time and can issue prohibition or improvement notices to any developer or contractor who fails to comply with ADM health and safety codes of practice for construction projects. ADM's site safety inspectors have the right to issue fines and other penalties for contractors who contravene such notices. As at the date of this Base Prospectus, TDIC has not received any such prohibition or improvement notices or fines from ADM. The EHSMS implemented by TDIC must be approved by ADM as the regulatory body for the building and construction sector, with such implementation being subject to review in each annual compliance audit that TDIC undertakes. In addition, TDIC employs an in-house team of health and safety experts to ensure on-going compliance with the EHSMS and has developed a wide range of safety policies, procedures and safe working practices, including regular on-site inspections and audits to ensure that safe working practices and conditions are maintained on all TDIC sites and developments.

TDIC contracts Parsons International Limited ("**PIL**") to oversee all contractors' safety practices and performance on Saadiyat. Information from all TDIC development activities is gathered to produce regular health and safety reports which are used by TDIC for continuous review and continual advancement of on-site safety procedures.

Through its Employment Practices Policy ("**EPP**"), TDIC is committed to providing a safe and healthy workplace for all. TDIC chooses as a preference, to work with contractors who meet its health and safety requirements with a demonstrable good health and safety record. For example, in compliance with the EPP, all contractors developing projects on Saadiyat are obliged to house their workers in the Saadiyat Construction Village.

In May 2011, TDIC appointed PricewaterhouseCoopers ("**PwC**") as an independent auditor to monitor its contractors' and sub-contractors' performance in the area of worker welfare on Saadiyat. PwC has been engaged to stringently monitor compliance, and report to TDIC, on key aspects of worker welfare, including the holding of personal documents, illegal recruitment fees, payment of wages, health and safety and working and living conditions. It is expected that the results of the audit reports will be released in a comprehensive report to the public on an annual basis.

Environment

TDIC is committed to complying with and, if possible, exceeding, the minimum standards of all relevant environmental rules and regulations in respect of the projects in which it is active. The ADM is the body responsible for overseeing compliance with environmental regulations in Abu Dhabi.

These responsibilities are carried out through ADEA which approves all permits, carries out environmental impact assessments and reviews construction environmental plans.

TDIC implements a number of strict sustainability and environmental guidelines, which it uses to ensure that all of the development projects it undertakes are sustainable, minimise environmental impact and meet stringent environmental guidelines. TDIC has produced a number of project-specific sustainable design regulations for its various developments. The sustainable design regulations contain design requirements and elements that are in-line with TDIC's vision for sustainable development and cover, amongst other things, marine and wildlife, green building guidelines, indigenous plant conservation and renewable energy.

TDIC ensures that all contractors working on its development projects devise and implement a strategic environmental action plan and a construction environmental management plan before being permitted to work on site. A construction environmental management plan is a list of all environmental concerns that may result from a contractor's on-site activities. Once submitted to TDIC, the construction environmental management plan becomes an environmental management framework that ensures that a development's plans are followed consistently and legally. TDIC's environment affairs team, a team of specialist environmental experts, regularly reviews and assesses each project's construction environmental management plan to ensure that compliance to all guidelines is being upheld.

As at the date of this Base Prospectus, no material environmental issues have occurred at any project site whether the site is being considered for development, has been developed or has been completed by TDIC, and no material claims have been made or asserted against TDIC.

Community

TDIC has adopted a set of core values that emphasise world-class performance in the areas of sustainability, health and safety, labour practices and philanthropy. As part of TDIC's mandate to benefit society, in 2009, TDIC instituted a corporate social responsibility programme and currently supports a variety of educational and cultural projects in Abu Dhabi.

TDIC supports charitable organisations, such as the Ability Centre for Special Needs, Emirates Autism Centre and the Gary Player Foundation, focusing initially on local issues with the goal of expanding to national and international initiatives in due course. TDIC also plans to develop a stronger charitable network and collaborate with local and regional organisations on different community development programmes.

In addition, TDIC has participated in and sponsored certain cultural exhibitions, including the Emirati Expressions exhibition, the Picasso exhibition and The Arts of Islam exhibition. TDIC also undertakes educational initiatives and events for both children and adults.

Competition

TDIC is a leading master developer in Abu Dhabi in terms of both the number of its ongoing projects and the size of its land bank. TDIC does not source or consider projects on its own, but is instead mandated to develop projects at the direction of the Government in accordance with the Policy Agenda. As such, TDIC does not focus on market-driven and speculative commercial projects to support its operations. Accordingly, TDIC plays an integral part in Abu Dhabi's development strategy and therefore differentiates itself from other property developers.

The Abu Dhabi real estate market is, however, competitive and TDIC competes with all major developers, in particular at the sales and leasing stage where projects by other developers may be marketed at the same time or target the same segments. Other significant property development companies in Abu Dhabi include:

- Aabar, a private joint stock company. Its main development projects include Reem Island, Rwadhat Abu Dhabi, Saraya and The Emerald Gateway;
- Aldar, a public joint stock company formed by decree in 2005 and listed on the Abu Dhabi Securities Market. Its main development projects include Raha Gardens and Yas Island;
- Mubadala, which is developing the new central business district on Sowwah Island; and
- Sorouh, a public joint stock company formed by decree in 2005 and listed on the Abu Dhabi Securities Market. Its main development projects include Golf Gardens, Khalidiya Village, Oyoun Village, Shams Abu Dhabi and The Gate District.

Employees

As at 31 December 2010, TDIC had 678 employees.

TDIC undertakes initiatives to motivate employees to contribute to its success through bonus programmes.

In accordance with the laws of the U.A.E., TDIC provides end of service benefits to non-U.A.E. national employees. Under U.A.E. law, the entitlement to these benefits is based upon the employee's length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to U.A.E. national employees, TDIC contributes to the Abu Dhabi Retirement Pensions and Benefits Fund calculated as a percentage of the U.A.E. national employees' salaries. These obligations are limited to these contributions, which are expensed when due.

Insurance

TDIC maintains various types of insurance policies to protect against the financial impact arising from unexpected events when the amount of the potential loss would be significant enough to prevent normal business operations. TDIC does not fully insure against certain risks to the extent that such risks may not be fully insurable or related coverage is unavailable at what TDIC considers to be appropriate price levels. TDIC also does not carry any insurance against certain risks, including those relating to environmental matters and directors' and officers' liability and acts of terrorism, as TDIC has determined that any such risk does not present any appreciable exposure to potential liability.

TDIC appointed Al Futtaim Willis Co LLC ("**Willis**") in June 2008 as its insurance broker. Willis has constructed an "Owner Controlled Insurance Programme" to cover all projects that TDIC deems necessary to cover "Contractors All Risk" and "Public Liability" from highly rated insurers and reinsurers (those with at least "A" credit ratings from the leading international rating agencies), as well as with local insurers who have provided local coverage in compliance with U.A.E. law. In addition, Willis manages all corporate operational assets and liabilities policies.

All of TDIC's employees have private health insurance, which is in line with Health Authority - Abu Dhabi regulations. TDIC has not historically experienced difficulty renewing its insurance policies and TDIC believes its insurance coverage is reasonable and consistent with industry standards.

See "*Risk Factors – Risk Factors Relating to TDIC's Business – TDIC may not maintain sufficient insurance coverage for the risks associated with the operation of its business*".

Intellectual Property

TDIC retains all title, rights and interests in, or an irrevocable royalty free licence to use, any designs specifically created for TDIC and all names that TDIC considers material for its business, including, most importantly, "Desert Islands", "Saadiyat", "Sir Bani Yas", "Tourism Development & Investment Company" and "TDIC", which are trademarked. TDIC aims to ensure that all such intellectual property is protected against infringement using all appropriate tools available.

In addition, certain trademark rights in relation to the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi Museum (including the rights to use the names "Guggenheim Abu Dhabi" and "Louvre Abu Dhabi" for a certain period of time) are the subject of various agreements that ADTA and TDIC have entered into. For further information, see "*Material Contracts – Material Contracts - Museum Contracts*".

Information Technology

TDIC's in-house information technology ("**IT**") team is responsible for IT support and development, ensuring that TDIC's IT systems and software, including those relating to disaster recovery, meet the requirements of TDIC's business, are regularly maintained and are kept up-to-date. TDIC also has an on-line document management system, ACONEX, available 24 hours a day and seven days a week.

The IT team, together with the commercial and finance and accounting departments, has embarked upon a business systems development programme that aims to enhance and support all of TDIC's financial, procurement and revenue processes. The development programme comprises the Oracle R12 EBS (the "**EBS System**"), which will provide a framework of managed and controlled electronic functions covering core business processes. In addition, in order to prioritise financial control and management, the development programme also comprises the integration of software to provide executive level capability to forecast and control TDIC's funding options. The EBS System is scheduled to be implemented in the fourth quarter of 2011.

TDIC has in place an industry-standard disaster recovery system, including regular back-ups which are collected daily and stored in an off-site data warehousing facility. TDIC supplements these data loss prevention controls with comprehensive data security controls that will detect and prevent unauthorised changes and access to company data.

Legal Proceedings

Except as provided below, neither TDIC nor any other member of the Group is, nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TDIC is aware) in the twelve months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on TDIC and/or the Group's financial position or profitability.

In February 2010, Dasman Properties LLC ("**Dasman**") commenced arbitration proceedings against TDIC, in respect of TDIC's early termination of a lease agreement for alleged non-performance by Dasman of its contractual obligations under the lease agreement (the "**Dasman Agreement**"). Dasman has claimed that TDIC did not have the right to early termination and has claimed damages of approximately AED 300 million. TDIC is of the view that it was entitled to terminate the Dasman Agreement and has made a counter-claim for damages in an amount of AED 294 million. A final hearing for the arbitration was held in Abu Dhabi on 10 June 2011, with the anticipated date of the arbitration award being in either October or November 2011. See Note 23 "*Commitments and contingencies*" of the 2010 Financial Statements for further information.

Headquarters

In addition to the properties owned by TDIC and described above, TDIC's principal property is its headquarters, located at Khalifa Park, P.O. Box 126888, Abu Dhabi, U.A.E.

MATERIAL CONTRACTS

TDIC enters into a variety of construction, design, management, operation and other arrangements for the purposes of carrying out its business. The following are the contracts that TDIC has entered into that TDIC considers material to its business as at the date of this Base Prospectus.

Material Contracts

Construction Contracts

General

TDIC conducts a public tender or negotiates with a selected counterparty or partner with whom TDIC has a working history when appointing contractors. TDIC generally appoints contractors based on the contractor's expertise, qualification and price.

The forms of TDIC's construction contracts are typically based on The Fédération Internationale des Ingénieurs-Conseils Conditions of Contract for Construction for Building and Engineering works designed by the Employer First Edition 1999 (the "**FIDIC Conditions**").

Under the terms of its standard construction contracts, TDIC is required to make progress payments to its contractors. Contractors issue a progress payment certificate along with an invoice on a monthly basis. These are certified by third parties acting on behalf of TDIC and then reviewed and approved for payment by the relevant TDIC project director.

Eastern Mangroves – Multiplex Constructions Middle East LLC

On 26 July 2009, TDIC entered into a contract with Multiplex Constructions Middle East LLC in respect of Eastern Mangroves for a price of AED 1,054,561,000, which provides for works to be completed within 567 days from 18 August 2009. The scope of work comprises the architectural, fit-out and structural works to all of the buildings including the hotel, apartment buildings, energy centre and sub-stations and external landscape works.

Guggenheim Abu Dhabi Museum – Al Habtoor Engineering Enterprises Co. LLC

On 17 August 2010, TDIC entered into a contract with Al Habtoor Engineering Enterprises Co. LLC in respect of piling works to the Guggenheim Abu Dhabi Museum for a price of AED 99,999,995, covering, amongst other things, the obtaining of permits, site establishment, construction of piling and maintenance thereof. The contract provides for a final completion date of 16 December 2010 with a defect notification period up to 12 months from the date of the contract.

St. Regis Saadiyat Resort – Al Habtoor Engineering Enterprises Co. LLC and Murray & Roberts Contractors

On 28 July 2009, TDIC entered into an agreement with Al Habtoor Engineering Enterprises Co. LLC and Murray & Roberts Contractors (Abu Dhabi), an unincorporated joint venture ("**HMR Joint Venture**") in respect of the main construction and building works (and related sub-contracting) for St. Regis Saadiyat Resort. The contract commenced on 9 August 2009 with a value of approximately AED 2,139,000,000 and is expected to be completed by the fourth quarter of 2011.

The Westin Abu Dhabi Golf Resort & Spa – Multiplex Constructions Middle East LLC

On 21 December 2009, TDIC entered into a contract with Multiplex Constructions Middle East LLC in respect of The Westin Abu Dhabi Golf Resort & Spa for a price of AED 286,500,000. The contract provides for works to be completed within 16.5 months from the date of the contract. The scope of work consists of the architectural, fit-out and structural works to the main hotel building, ancillary buildings and associated infrastructure and external works.

Zayed National Museum – HMR Joint Venture

On 19 October 2010, TDIC entered into an agreement with HMR Joint Venture in respect of the construction of the remote services facility and main building sub-structure works of the Zayed National Museum for a price of AED 68,885,003. The scope of work is comprised of the structural and fit-out works to the main building and associated infrastructure and external works and is expected to be completed by the second quarter of 2011.

Design Services Contracts

Guggenheim Abu Dhabi Museum – Gehry Partners LLP

On 3 June 2008, TDIC entered into a design services agreement with Gehry Partners LLP to provide specified architectural design services in relation to the Guggenheim Abu Dhabi Museum. TDIC has been granted an irrevocable royalty free licence to use designated design materials produced by Gehry Partners LLP in connection with the construction, reconstruction, renovation, repair, maintenance, use and occupancy and operation of the Guggenheim Abu Dhabi Museum.

Louvre Abu Dhabi Museum – Ateliers Jean Nouvel

On 9 September 2007, TDIC entered into an agreement with Ateliers Jean Nouvel to provide architectural consultancy services in connection with the Louvre Abu Dhabi Museum. Under the terms of this agreement, Ateliers Jean Nouvel will provide certain consultancy services, including shell and core architecture, concept lighting and landscape design services. Subject to paying the amounts due under the contract, all documents produced by Ateliers Jean Nouvel in the execution of the services will be owned by TDIC.

Zayed National Museum – Foster + Partners Ltd. and WSP UK Ltd.

In November 2008, TDIC entered into a design consultancy agreement for the Zayed National Museum with Foster + Partners Ltd. and WSP UK Ltd., acting together in a joint venture. The architectural team is led by Foster + Partners Ltd. and the engineering team is led by WSP UK Ltd.

Museum Contracts

General

TDIC has entered into a number of agreements in relation to the Guggenheim Abu Dhabi Museum, the Louvre Abu Dhabi Museum and the Zayed National Museum relating to, amongst other things, the development of the museums, the use of certain trademarks, the provision of consultancy services and the loans of artwork for the museums.

Guggenheim Abu Dhabi Museum – Solomon R. Guggenheim Foundation

On 8 July 2006, TDIC and the SRGF entered into a memorandum of understanding (the "**Guggenheim MOU**") setting out a general framework for their collaboration across a number of areas with the aim of establishing the Guggenheim Abu Dhabi Museum.

Further to the Guggenheim MOU, TDIC and/or ADTA entered into the following agreements with SRGF on 13 November 2007:

- the "operating agreement term sheet", which sets forth the material terms on which the museum will be operated;
- the "pre-opening agreement", relating principally to the design and construction of the museum; and
- the "rights agreement", under which certain trademark rights in relation to the Guggenheim Abu Dhabi Museum are licensed.

Louvre Abu Dhabi Museum – Agence France-Muséums Agreement

On 7 January 2008, TDIC entered into a consultancy services agreement with Agence France-Muséums S.A.S. ("**AFM**") pursuant to which AFM will provide expert services to assist TDIC in the construction, design and operation of and, training of staff for, the Louvre Abu Dhabi Museum.

Louvre Abu Dhabi Museum – L'Etablissement Public du Musée du Louvre

On 6 March 2007, the government of the U.A.E. and the government of France entered into an intergovernmental agreement which sets the groundwork for the creation of the Louvre Abu Dhabi Museum. Further to this intergovernmental agreement, TDIC, the U.A.E. government, represented by ADTA (together with TDIC, the "**Louvre Licensee**") and L'Etablissement Public du Musée du Louvre entered into a trademark licence agreement under which certain trademark rights in relation to the Louvre Abu Dhabi Museum were licensed to the Louvre Licensee.

Zayed National Museum

TDIC entered into an agreement with the British Museum in April 2009 for the British Museum to provide expert advice and counsel on the development of the Zayed National Museum. The British Museum will serve as a consulting partner to the MOB and will advise on a range of issues, including construction, design and museography. The agreement is subject to a strict confidentiality undertaking.

Operations and Management Contracts

General

TDIC has entered into a number of operations and management contracts in relation to its luxury hotels. These contracts include the following key terms:

- The operator is to be paid:
  - a monthly base fee, which is a percentage of gross operating revenues;
  - a monthly incentive fee, which is a percentage of gross operating profits;
  - a fee in respect of centralised marketing and reservations, which can be a percentage of gross revenues, a percentage of room revenues, a fixed fee, or a combination of each of these; and
  - reimbursable expenses incurred in respect of the management and operation of the hotel.
- Generally, the method of determining what constitutes operating costs and the method for determining gross operating profit is in accordance with the Uniform System of Accounts for the Lodging Industry.
- TDIC is also required to pay a percentage of gross revenues into a capital fund, which is separate from the hotel's other bank account(s), for the maintenance and replacement of items of furniture, fixtures and equipment. TDIC is also responsible for capital replacements and refurbishments required to maintain the hotel in accordance with the operator's brand standards.
- The balance of the profits of the hotel (after payment of the appropriate fees detailed above) are payable to TDIC.
- Many operators split the obligations to TDIC into a number of different agreements such as the centralised services agreement, licence and royalty agreement and management agreement. Read together, they contain the full suite of services which the operator is required to provide TDIC in respect of a particular hotel.

Desert Islands Resort & Spa

On 20 July 2007, TDIC entered into a management agreement with Lodging Management (Labuan) Limited ("**LML**") to engage LML to operate and manage the Desert Islands Resort & Spa. In connection with this agreement, there is also a licence and royalty agreement, a pre-opening assistance agreement and a technical services agreement, each dated 20 July 2007.

Qasr Al Sarab Desert Resort

On 20 July 2007, TDIC entered into a management agreement with LML to engage LML to operate and manage the Qasr Al Sarab Desert Resort. In connection with this agreement, there is also a licence and royalty agreement, a pre-opening assistance agreement and a technical services agreement, each dated 20 July 2007.

St. Regis Saadiyat Resort

On 24 April 2008, TDIC entered into an operating services agreement with Starwood EAME License and Services Company BVBA ("**Starwood**") to provide operations and management services for St. Regis Saadiyat Resort. In connection with this agreement, there is also a centralised services agreement, a condominium marketing licence agreement in relation to the St. Regis residences and a systems licence agreement, each dated 24 April 2008.

The Westin Abu Dhabi Golf Resort & Spa

On 24 April 2008, TDIC entered into an operating services agreement with Starwood to provide operations and management services for The Westin Abu Dhabi Golf Resort & Spa. In connection with this agreement, there is also a centralised services agreement, a development services agreement and a system licence agreement, each dated 24 April 2008.

Other Contracts

Saadiyat Infrastructure Development – Parsons International Limited

On 8 March 2007, TDIC entered into a signature agreement with Parsons International Limited to provide design and supervision services for the infrastructure development on Saadiyat. It is anticipated that the provision of these services will continue for the next three to five years. TDIC has paid Parsons International Limited AED 483.2 million to date and the estimated value of services as forecast for 2011 is AED 46 million.

Financing Contracts

As at 31 December 2010, TDIC had commercial debt outstanding of AED 10.5 billion, as follows:

- U.S.$1.0 billion global medium term notes issued on 2 July 2009, bearing interest at 6.50 per cent. per annum, and repayable on 2 July 2014;
- U.S.$1.0 billion trust certificates (sukuk) issued on 20 October 2009, bearing interest at 4.949 per cent. per annum, and repayable on 21 October 2014;
- an unsecured term loan facility with Abu Dhabi Commercial Bank P.J.S.C. dated 5 August 2010 for a principal amount of AED 1.0 billion with a maturity date of 12 months from utilisation, which was fully drawn as at 31 December 2010. This facility includes covenants not to incur financial indebtedness in excess of U.S.$10.0 billion;
- an unsecured term loan facility with BNP Paribas, Citibank, N.A. U.A.E. Branch, HSBC Bank Middle East Limited, National Bank of Abu Dhabi P.J.S.C., Standard Chartered Bank and The Royal Bank of Scotland plc, dated 29 November 2010, for a principal amount of U.S.$600 million with a maturity date of 36 months after utilisation, which was fully drawn as

at 31 December 2010. This facility includes covenants not to incur financial indebtedness in excess of U.S.$7.5 billion; and

- an AED 200 million overdraft facility with First Gulf Bank P.J.S.C., which was undrawn as at 31 December 2010.

The standard covenants included in all of TDIC's bank facilities include, amongst others:

- limitations on the sale, lease, transfer, loan or other disposal of any asset other than in the ordinary course of business or entry into an agreement to make any such disposal;
- limitations on the disposal of certain assets valued at an amount equal to 200 per cent. of outstanding loans;
- limitations, without prior consent, on undertaking any corporate restructuring; and
- limitations on making loans or granting credit other than in the normal course of TDIC's business.

MANAGEMENT

Board of Directors

The Board of Directors of TDIC is responsible for the management of the company and has unrestricted management powers, except to the extent provided by law, the Articles of Association or a resolution of ADTA.

The Board of Directors acts as the overall supervisory and monitoring body of TDIC and, amongst other things, co-ordinates and manages TDIC's activities and projects in respect of its tourism projects. The Board of Directors has authority to enter into financial arrangements and to borrow money on behalf of TDIC so that TDIC can achieve its objectives as stipulated in the Articles of Association.

According to the Articles of Association, meetings of the Board of Directors must be held at least four times per year. The Articles of Association require that no more than three months may elapse between meetings.

The Board of Directors currently consists of five members and must be chaired by the then Chairman of ADTA. ADTA has the power to appoint the Board of Directors of TDIC. Decisions of the Board of Directors are adopted by a majority of votes of directors present or represented in the meeting, although, in the event of a tie, the Chairman, or his representative, has the casting vote. Accordingly, the Government and ADTA may exercise influence in relation to decisions pertaining to TDIC. See "*Relationship with the Government*" and "*Shareholder and Related Party Transactions*".

Departments

TDIC has established the following core departments: (i) commercial; (ii) corporate strategy; (iii) design management and development; (iv) finance and accounting; (v) human resources; (vi) information technology; (vii) internal audit; (viii) legal services; (ix) marketing and public relations; (x) operations; (xi) project delivery; and (xii) sales and leasing.

Commercial Department

The commercial department is responsible for the management and delivery of all commercial contracts, including the co-ordination of contract management, administration and reporting duties, tender management and delivering commercial frameworks.

Corporate Strategy Department

The corporate strategy department is responsible for strategic planning, new business ventures, corporate improvement programmes and performance reporting.

Design Management and Development Department

The design management and development department is responsible for developing detailed design specifications and plans for project developments and managing all master and asset developments through the general co-ordination of the development process throughout all of its phases. This includes the development of business cases for new developments alongside assessing the financial viability of all projects.

Finance and Accounting Department

The finance and accounting department is responsible for the development of finance strategies and policies and the management of operations and gives support to development projects. The department executes all of the major funding strategies and co-ordinates the finance operations and reporting duties. The department also has a supporting role for the development department whereby it provides analysis, budgeting, accounting and forecasting.

Human Resources Department

The human resources department is responsible for developing human resources strategies, policies and procedures and managing all human resources operations. This includes developing recruitment policies, staff retention, professional and leadership development, alongside responsibilities for payroll, performance and planning.

Information Technology Department

See "*Business Description of TDIC – Information Technology*".

Internal Audit Department

See "*– Internal Audit*" below.

Legal Services Department

The legal services department provides legal advice and support to the entire business with a particular focus on ensuring that all potential projects are legally viable. The legal department reviews all contracts and agreements and assists with commercial regulations, as well as providing legal advice on local laws when required.

Marketing and Public Relations Department

The marketing and public relations department assists with promoting the TDIC brand for the purposes of land and property sales. The department is responsible for the development and execution of TDIC-specific marketing strategies and supports the sales and leasing team with marketing and promotional material.

Operations Department

The operations department is responsible for the asset management of the third party operated hospitality and leisure entities. The department's role is to ensure the smooth functioning of all operations in accordance with the relevant management and shareholder agreements, as well as to ensure efficient interaction between TDIC and its third party operators, in particular, by ensuring that all performance targets are met and maximum returns are received.

Project Delivery Department

The project delivery department manages the overall delivery and construction of asset developments involving project management, technical expertise and the formation of strategic partnerships and alliances (where appropriate). The department project-manages all delivery projects and engages and manages suppliers for the construction services.

Sales and Leasing Department

The sales and leasing department manages client relations and the sales and leasing process for land sites, residential units and leased commercial and return space. The department is also responsible for the development and execution of new sales and leasing strategies, the maintenance of existing client relationships as well as creating new business opportunities. The department also works alongside the various business departments to set sales targets and monitor the progress of these targets internally.

Members of the Board of Directors

As at the date of this Base Prospectus, the members of the Board of Directors of TDIC, their current positions in TDIC and their dates of appointment are as follows:

Name	**Title**	**Date of Appointment**
H.H. Sheikh Sultan bin Tahnoon Al Nahyan	Chairman	October 2005
H.E. Mubarak Hamad Al Muhairi	Managing Director	October 2005
H.E. Saeed Mubarak Al Hajeri	Director	October 2005
H.E. Saif Mohamed Al Hajeri	Director	May 2009
H.E. Khalifa Mohamed Al Mazrouei	Director	October 2005

Set forth below is a short biography of each of the members of the Board of Directors:

H.H. Sheikh Sultan bin Tahnoon Al Nahyan is the Chairman of TDIC and ADTA. He is also a member of the Executive Council. The Chairman is responsible for progressing and safeguarding Abu Dhabi's tourism assets in line with Abu Dhabi's diversification and development strategy. He also serves as Chairman of ADACH, ADNEC, Al Ain Wildlife Park & Resort and the Eastern Region Development Committee. He is a board member of the Abu Dhabi Economic Council, the Abu Dhabi Environment Agency and the Urban Planning Council and a managing director of the Emirates Foundation of Philanthropy. He is also a patron of the Middle East Council of the Urban Land Institute. He has been awarded the American Federation of Arts' "Cultural Leadership Award" for his role in spearheading the development of Saadiyat's Cultural District, including the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi Museum. He qualified as an architectural engineer from the U.A.E. University and holds a master's degree in economic studies, with a major in international relations from Tufts University, U.S.A.

H.E. Mubarak Hamad Al Muhairi is the Managing Director of TDIC and a Director General of ADTA. He is responsible for overseeing the creation of TDIC's development projects. He worked for several years in real estate investment with ADIA and was Director General of the Al Ain Economic Development and Tourism Promotion Authority. He is a board member of Abu Dhabi Airports Company, ADACH, ADNEC, Abu Dhabi Media Company, Al Ain Wildlife Park & Resort, Ethiad Airways, the Emirates Foundation, Excel London and the Tawteen Council. He is also Vice Chairman of the National Council of Tourism & Antiques. He graduated from the U.A.E. University with a degree in civil engineering before studying at Portland State University, U.S.A., where he earned a master's degree in engineering management.

H.E. Saeed Mubarak Al Hajeri is a Director of TDIC. He is also a board member of ADIA and the Executive Director of the Emerging Markets Department at ADIA. He is a board member of Abu Dhabi Media Company, Abu Dhabi Retirement Pensions & Benefits Fund, Arab Banking Corporation (B.S.C.), Dubai Cable Company, Etisalat, Higher Corporation for Specialised Economic Zones and Zayed University. He is also the governor of the board of the CFA Institute. In 2007, he was elected by the World Economic Forum as one of the top 250 Young Global Leaders for his contribution to the public and financial sectors in the U.A.E. He holds a bachelor's degree from Lewis and Clark College, U.S.A. and was awarded the CFA Charter in 2000.

H.E. Saif Mohamed Al Hajeri is a Director of TDIC and a board member of ADTA. He is also Chief Executive Officer of Tawazun Holding and the U.A.E. Offsets Programme Bureau. He is Chairman of German-based Merkel (owned by Caracal International) and Special Advanced Systems. He is also a member of the board of directors of Abu Dhabi Autonomous Systems Investments, ADNEC, Al Yah Satellite Communications, Caracal International, General Holding Company, the Khalifa Fund Programme and Waha Capital.

H.E. Khalifa Mohamed Al Mazrouei is a Director of TDIC and a board member of ADTA. He was appointed Chairman and Managing Director of the Abu Dhabi Airports Company in 2006. Since 2004, he has been the Chairman of the Supervision Committee for the Expansion of Abu Dhabi International Airport, which manages the implementation of the multi-billion dirham expansion of Abu Dhabi International Airport. He is Chairman of AlJazira Capital and the World Trade Centre, Abu Dhabi, and Vice Chairman of Al Taif Technical Services. He is also a member of the board of directors of Abu Dhabi Aircraft Technologies, Abu Dhabi Council for Economic Development, Abu Dhabi

Development Fund, Presidential Flight, Tabreed and Zones Corp. In January 2009, he was appointed by decree as General Manager of the Municipality of Abu Dhabi.

The business address of the members of the Board of Directors in that capacity is P.O. Box 126888, Abu Dhabi, U.A.E.

Directors' Interests

There are no interests of the members of the Board of Directors in transactions which are or were unusual in their nature or conditions or significant to the business of TDIC. TDIC is not aware of any potential conflicts of interest between the duties owed by the members of the Board of Directors to TDIC and their private interests or other duties.

In the previous five years, no member of the Board of Directors of TDIC has been convicted of any fraudulent offence, served as director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies, or has been disqualified by a court from acting as a director of an issuer or from acting in the management or conduct of affairs of any issuer.

Compensation of the Board of Directors

For their services, members of the Board of Directors are entitled to remuneration from TDIC. For the year ended 31 December 2010, TDIC paid or accrued compensation (including salary, benefits and bonuses) to the Board of Directors of AED 6,587,251.

Executive Management

As at the date of this Base Prospectus, the members of the Executive Management of TDIC and their current positions in TDIC are as follows:

Name	Title
James Pringle	Acting Chief Executive Officer
Shaun O'Connor	Chief Financial Officer
Roy Vice	Executive Director, Design & Development
Mark Facey	Executive Director, Legal Services
Stuart Magee	Executive Director, Project Delivery
Ali Al Hammadi	Executive Director, Project Services
Sultan Mohamed Al Mahmoud	Executive Director, Strategic Performance
Susan Kary	Senior Director, Operations
Bassem Terkawi	Senior Director, Strategic Communications
Dr. Mark Vujevic	Director, Corporate Strategy
Wallace Long	Director, Finance
Mohanad Moussly	Director, Internal Audit

Set forth below is a short biography of each of the members of the Executive Management:

James Pringle is the Acting Chief Executive Officer of TDIC. He joined TDIC in 2008, bringing with him extensive experience in the creation and delivery of luxury destination resorts and resort communities. Prior to joining TDIC, he worked for Kuwait's M.A. Kharafi Group as a Senior Counsellor for Development and for Bechtel as Vice President for Global Business Development and as a Director of Business Development for its hotel, theme park and urban development business groups across Africa, Europe, the Middle East and South Asia. He also served as Vice President for Europe and the Middle East of the U.S. construction and engineering company Morrison Knudsen. He is a member of the Advisory Board of the U.S.-Arab Council on Foreign Relations and of the ULI. He was also a former Chairman, Vice Chairman and board member of the American Chamber of

Commerce in Egypt and was previously head of the Tourism Group for Egypt's International Economic Forum. He is a graduate in economics and international relations from the University of Minnesota, U.S.A., and has completed graduate studies in business and finance at the European Institute of Business Administration (INSEAD) in Fontainebleau, France.

Shaun O'Connor is the Chief Financial Officer of TDIC. He joined TDIC in 2011 and brings almost twenty-five years of financial experience to his role as TDIC's Chief Financial Officer. He is responsible for all of the financial operations of TDIC as well as the development of information technology support and systems for customers and employees. Prior to joining TDIC, he held a variety of finance and operating roles at U.S. multinationals, including AIG Insurance, CB Richard Ellis Investors, General Electric and IBM. While at General Electric, he served as Chief Financial Officer of General Electric's European real estate business based in Paris, France. Most recently he was Chief Financial Officer of CB Richard Ellis Investors, a real estate investment manager, where he oversaw the global finance and technology teams. He holds a Bachelor of Science degree in accounting from Purdue University, U.S.A. and an MBA from Western Connecticut State University, U.S.A.

Roy Vice is the Executive Director of Design & Development. He joined TDIC in 2010 and has over thirty years of experience in the areas of design and development. He is responsible for, amongst other things, design management and development, encompassing destination development, education development, hospitality development, residential development and special projects development. Prior to joining TDIC, he worked for a number of organisations in the U.S., including Poag & McEwen Lifestyle Centers LLC, where he held the positions of Senior Vice President, Executive Committee Member and Partner. He has also held senior development positions in the retail development business with Westfield, an Australian mall owner and operator, Homart Development Company, Horizon Group, Inc. and The Rouse Company. He holds a Bachelor of Science degree in architectural studies, a Master of Science degree in finance and a Master of Architecture degree in design and management from the University of Illinois, U.S.A. He is also a Registered Architect.

Mark Facey is the Executive Director of Legal Services. He has more than twenty years of experience working as a lawyer and investment banker on a full spectrum of projects, ranging from commercial and residential developments to airports, hospitals, prisons, schools, sports stadia and toll roads. Prior to joining TDIC in 2006, he worked as General Counsel at Baulderstone Hornibrook. He has also worked for the law firms Allens Arthur Robinson and Blake Dawson Waldron. He was admitted as a solicitor to the Supreme Courts of Queensland and New South Wales in Australia and is also a member of the ULI. In addition, he worked as an investment banker for ANZ Investment Bank. He holds a Bachelor of Law from Queensland University of Technology, Australia.

Stuart Magee is Executive Director of Project Delivery. He is a chartered site surveyor with over eighteen years' experience in the construction industry. Prior to joining TDIC, he worked as project and construction manager at Al Naboodah Laing O'Rourke, a Dubai-based subsidiary of U.K. infrastructure development and management group John Laing International. He also worked as development manager at Al Futtaim Investments. He has worked on several Middle Eastern projects including the Abu Dhabi Company for Onshore Oil Operations' headquarters, the Dubai Creek Boardwalk, Dubai Festival City and the Dubai World Trade Centre. He holds a Higher National Diploma in Building Management from Scotland's Bell College of Technology and is a member of the U.K.'s Chartered Institute of Building.

Ali Al Hammadi is the Executive Director of Project Services. He is responsible for managing the project services that support all projects from initial conception through to design, development, execution, delivery and completion, by executing commercial deals with consultants, contractors and suppliers. Prior to joining TDIC in 2006, he worked as an electrical engineer for Abu Dhabi Company for Onshore Oil Operations. He graduated with a Bachelor of Arts degree in Electrical Engineering from the Florida Institute of Technology, U.S.A. and holds an MBA from Abu Dhabi University.

Sultan Mohamed Al Mahmoud is the Executive Director of Strategic Performance. He is responsible for managing TDIC's human resources department, business support and transportation management. Prior to joining TDIC, he worked at Abu Dhabi Commercial Bank P.J.S.C. as Executive Vice President and Head of Human Resources. He has also held management positions with Amiri Flight and Citibank. He is a graduate of Webster University in Geneva, Switzerland where he earned a Master's degree in Human Resources Development and a Bachelor of Arts degree in Business Administration with a minor in Psychology.

Susan Kary is the Senior Director of Operations. She is responsible for managing the operations of TDIC's tourism and hospitality assets and has over thirty years of experience in design, construction, and facilities management mainly in the hospitality industry. Prior to joining TDIC, she held senior executive positions within different companies worldwide including, Marriot International Inc. and Regent International Hotels, following a number of years in architectural practice firms. She has also taught Hospitality Facilities for the University of Maryland in the U.S.A. She has a Master of Science in Finance from the American University in Washington, DC, U.S.A., as well as a Bachelor of Architecture and a Bachelor of Arts from Syracuse University in New York, U.S.A. She is a Registered Architect, a LEED Accredited Professional and has participated actively in a variety of professional organisations including the American Institute of Architects and the American Hotel & Lodging Association.

Bassem Terkawi is the Senior Director of Strategic Communications. He is responsible for overseeing all of TDIC's public relations communications and requirements and for developing TDIC's corporate identity. He is also responsible for all of TDIC's internal and crisis communication programmes. Prior to joining TDIC, he worked for Dubai Festival City, as the public relations and events manager, Jumeirah International, as the public relations manager for the Middle East and also for the Qatar Tourism Authority, where he managed international public relations. He has a Bachelor of Science in law from the Beirut Arab University and has also received a higher diploma in Intellectual Property from the World Intellectual Property Organisation, Switzerland.

Dr. Mark Vujevic is the Director of Corporate Strategy. He has more than twelve years of experience in corporate strategy, working with global management consulting firms and holding internal corporate strategy roles with companies in Australia, New Zealand and the U.A.E. Prior to joining TDIC, he worked as a strategy advisor with the global consulting firm Accenture and spent several years working for a large pharmaceutical company where he was responsible for the expansion of the business into overseas markets. He graduated with a Bachelor of Commerce, a Bachelor of Arts and also holds a PhD doctorate in management and multivariate statistics from the University of Melbourne, Australia.

Wallace Long is the Director of Finance, responsible for contributing to the formulation and implementation of TDIC's strategic direction and financial management, with specific emphasis on finance and accounting. He joined TDIC in 2008 and has more than twenty-five years of experience in the real estate development industry. Prior to joining TDIC, he began his career as a Certified Public Accountant in the audit practice at Deloitte Haskins & Sells (now Deloitte Touche Tohmatsu) in Houston, Texas, U.S.A. He later went on to hold senior financial management positions at various commercial and hospitality developers, including Hilton, Marriott, Starwood Hotels & Resorts Worldwide Inc. and The Ginn Development Company. He graduated with a political science degree from Randolph-Macon College in Virginia, U.S.A., and later obtained an MBA from the University of Texas, Austin, U.S.A.

Mohanad Moussly is the Director of Internal Audit. He has over fifteen years of experience in business consulting, enterprise risk management, external audit, financial management and internal audit. Prior to joining TDIC in 2010, he worked for the Khalifa Fund as Director of Internal Audit & Risk Management. He has also worked for Arthur Andersen, Deloitte Touche Tohmatsu and Dubai Holding. He is a graduate of the American University of Beirut in Lebanon, where he earned a Bachelor of Arts degree in Public Administration. He is also a Certified Internal Auditor and a Certified Public Accountant in the U.S.A.

Conflicts

TDIC is not aware of any potential conflicts of interest between the duties owed by the members of the Executive Management to TDIC and their private interests or other duties.

Compensation of the Executive Management

For their services, the members of the Executive Management are entitled to remuneration, which is determined by the Board of Directors. For the year ended 31 December 2010, TDIC paid or accrued compensation (including salary, benefits and bonuses) to the members of the Executive Management of AED 54,225,532.

Corporate Governance

TDIC is committed to best practices in good corporate governance and has implemented a Delegation of Authority ("**DoA**") which was approved by the Board of Directors in January 2006 and revised subsequently in November 2006 and February 2008, respectively. The DoA serves the following purposes:

- it establishes levels of authorisation within TDIC facilitating operational decision-making in an informed manner while managing risk;
- it creates transparency and facilitates the establishment of policies and procedures detailing the DoA; and
- it establishes a framework for governance and specific areas that need approval of the Board of Directors.

TDIC has also established a number of committees to enhance its corporate governance framework, including:

Audit Committee

TDIC has established an independent Audit Committee (as a sub-committee of the Board of Directors) which oversees both the internal and external audits within TDIC, and is also responsible for addressing any issues arising from them. The Audit Committee meets on a quarterly basis and consists of independent board members.

Corporate Ethics Committee

TDIC has established a Corporate Ethics Committee chaired by the Executive Director of Legal Services. The purpose of the Corporate Ethics Committee is to provide assistance to the executive management and the Audit Committee and to enable TDIC to continue to operate according to the highest ethical business standards and in accordance with applicable laws and regulations. The committee is responsible for facilitating the development, implementation and operation of an effective ethics and anti-fraud programme; promoting an organisational culture that encourages ethical conduct; and considering and resolving any issues of interpretation regarding any aspect of the compliance and ethics programme. The committee is also tasked with managing and conducting investigations of fraud and is responsible for taking appropriate actions raised by any such investigations.

Critical Issues Committee

TDIC has established a Critical Issues Committee which is responsible for giving guidance, between board meetings, to the executive management on critical matters in all areas of TDIC's business. The Critical Issues Committee meets on a weekly basis, and is chaired by the Chairman of the Board of Directors, and includes TDIC's Managing Director as one of its members.

Finance Committee

TDIC has established a Finance Committee (as a sub-committee of the Board of Directors) which is responsible for supervising and approving all finance, funding, investment and accounting matters within TDIC. The Finance Committee meets on a monthly basis and consists of independent board members and is chaired by H.E. Saeed Mubarak Al Hajeri.

Nomination and Remuneration Committee

TDIC has established a Nomination and Remuneration Committee (as a sub-committee of the Board of Directors) which is responsible for the supervision and approval of all nominations of members of the Board of Directors and executive management, as well as the further approval of all remuneration and compensation schemes and programmes across TDIC. The Nomination and Remuneration Committee consists of independent board members.

Internal Audit

The Internal Audit Department at TDIC plays a key role in providing independent assurance to the Board of Directors, the Audit Committee and other stakeholders on the design and operation of TDIC's internal control framework and on executive management's ability to identify and manage risks across TDIC's business. The Internal Audit Department operates across four key areas being financial audits; information technology audits; operations audits; and projects audits, which cover the entire range of TDIC's business. The Internal Audit Department is also responsible for developing a risk-based audit plan that is reviewed and approved by the Audit Committee. TDIC’s internal audit team is led by the Director of Internal Audit, Mohanad Moussly.

The Internal Audit Department includes a “Corporate Integrity” division which is responsible for identifying fraud risks within TDIC, as well as testing and monitoring the controls to mitigate any fraud risks. As at the date of this Base Prospectus, the Corporate Integrity division is developing a specific anti-fraud programme which encompasses a range of required policies and procedures including an independent and anonymous whistle-blowing initiative. The Corporate Integrity division is also responsible for managing and conducting investigations of fraud and irregularities under the supervision of the Corporate Ethics Committee.

TDIC’s Internal Audit Department works very closely with TDIC’s auditors, who are appointed by the Board of Directors of ADTA, to provide comprehensive assurance on internal control frameworks and financial statements.

In addition, TDIC is subject to periodic audit by the Abu Dhabi Accountability Authority, the audit agency of the Government. The Abu Dhabi Accountability Authority has the ability to audit any company in which the Government owns more than a 50 per cent. stake.

SHAREHOLDER AND RELATED PARTY TRANSACTIONS

ADTA

ADTA was created on 13 September 2004 by Executive Decree under Law No. 7 of 2004. As a Government authority, ADTA has a wide range of responsibilities to execute and oversee Abu Dhabi's strategy for the tourism industry. ADTA is active in building and developing Abu Dhabi's tourism industry through destination marketing, infrastructure and product development and regulation. A key role of ADTA is to co-ordinate the international promotion of Abu Dhabi with hotels, destination management companies, airlines and other public and private sector travel-related organisations. As part of its international promotion, ADTA has established offices in the Commonwealth of Australia, France, Germany, Italy, the People's Republic of China, Russia and the United Kingdom, and will be opening offices during the course of 2011 in the Kingdom of Saudi Arabia and the United States.

ADTA is also responsible for the regulation and monitoring of the tourism industry, the upgrading of its service standards and performance through the issuance of tourism licences, the provision of training opportunities to industry participants and also through ensuring that the regulations and standards set for licensing are adhered to and complied with by carrying out a comprehensive system of industry inspections.

H.H. Sheikh Sultan bin Tahnoon Al Nahyan, a member of the Executive Council, is the Chairman of both ADTA and TDIC. See "*Management — Members of the Board of Directors*".

As at the date of this Base Prospectus, TDIC's share capital as recorded in its share register was as follows:

Name of shareholder	Capacity	Number of ordinary shares	Percentage of issued share capital
ADTA	Beneficial owner	10 million	100

Related Party Transactions

TDIC's related parties include the Government, ADTA, TDIC's directors and businesses controlled by these parties and their families, or over which they exercise a significant influence, as well as TDIC's key management personnel.

Given its ownership by the Government and its mandate to oversee the development and management of ADTA's development initiatives, TDIC has entered into significant transactions with the Government since its establishment. These transactions have been in the form of the acquisition of assets, capital contributions, other contributions and Government grants.

In addition, TDIC grants loans to senior management to meet accommodation costs. These loans are conducted in the ordinary course of business and on an arm's-length basis. TDIC also grants cash advances to general staff as part of their employment packages, which are reflected on TDIC's balance sheet. As at the date of this Base Prospectus, TDIC has not entered into any other arrangements and agreements with any of its senior management. There are no stock options held by any of the senior management.

For a description of TDIC's related party transactions, see Note 22 "*Transaction and balances with related parties*" to the 2010 Financial Statements included elsewhere in this Base Prospectus.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or DTC (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, TDIC nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-Entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "**banking organisation**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in the participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with the Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or to such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit the Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct Participants and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent or the Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, definitive DTC Notes are required to be printed and delivered.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-Entry Ownership of and Payments in respect of DTC Notes

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may apply to DTC in order to have any Tranche of Notes represented by a Global Note Certificate accepted in its book-entry settlement system. Each such Global Note Certificate will have a CUSIP number and will be subject to restrictions on transfer as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Upon the issue of any such Global Note Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer(s). Ownership of beneficial interests in such a Global Note Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Note Certificate, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Note Certificate accepted by DTC will be shown on, and the transfer of such ownership will be affected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to the interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuing and Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes represented by Global Note Certificates

Transfers of any interests in Notes represented by a Global Note Certificate within DTC, Euroclear and Clearstream, Luxembourg will be affected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Note Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Note Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Note Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be affected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Paying Agents and any custodian ("**Custodian**") with whom the relevant Global Note Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. As there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificates will be affected through the Registrar, the Paying Agents and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Note Certificates among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, TDIC, the Trustee, the Agents or any Dealer(s) will be responsible for any performance by DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

General

Prospective purchases of the Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the country of their respective citizenship, residence or domicile, of a purchase of Notes, including but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. 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.

Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes 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 Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

United Arab Emirates

The following summary of the anticipated tax treatment in the U.A.E. in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this Base Prospectus and does not constitute legal or tax advice and 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 Notes and the receipt of any payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in Abu Dhabi legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the oil industry, some related service industries and branches of foreign banks operating in the U.A.E. 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 U.A.E. or Abu Dhabi taxation in respect of payments of interest and principal to any holder of the Notes or payments made under the Guarantee. In the event of such imposition of any such withholding, the Issuer or, as the case may be, the Guarantor has undertaken to gross-up any payments subject to certain limited exceptions.

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

United States

U.S. Federal Income Taxation

The discussion of tax matters in this Base Prospectus is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding U.S. federal, state or local tax penalties,

and was written to support the promotion or marketing of the Programme. Each taxpayer should seek advice based on such person's particular circumstances from an independent tax adviser.

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their "issue price" (as defined below);
- Notes with an original maturity of not greater than thirty years;
- Notes held as capital assets; and
- U.S. Holders (as defined below).

This discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes. Prospective investors should note, however, that the classification of an instrument as debt or equity is highly factual, and it is possible that Notes will be issued that might be classified as equity for U.S. federal income tax purposes. No rulings have been or will be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to the classification of the Notes in general or with respect to any particular Notes. Prospective investors should consult their tax advisers with respect to the proper classification of the Notes and the consequences of investing in any Notes that are not classified as debt for U.S. federal income tax purposes, including whether any such notes might be considered to be interests in a passive foreign investment company for U.S. federal income tax purposes, which could have materially adverse consequences for U.S. taxable investors.

This discussion does not describe all of the tax consequences that may be relevant in light of a Noteholder's particular circumstances or to Noteholders subject to special rules, such as:

- financial institutions;
- insurance companies;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, "straddle," conversion transaction or other integrated transaction;
- U.S. Holders whose functional currency is not the U.S. dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury regulations, all as in effect as at the date of this Base Prospectus and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, possibly retroactively, so as to result in the U.S. federal income tax consequences different from those described below. Persons considering the purchase of Notes should consult the relevant Final Terms for any additional discussion regarding U.S. federal income taxation and should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The tax treatment of certain Notes, such as Index Linked Notes, Dual Currency Notes, Instalment Notes, Partly Paid Notes, high or low interest Notes, step-up or step-down Notes and Notes that are not principal protected, may be specified in the Final Terms. Moreover, this summary does not discuss Bearer Notes. In general, U.S. federal income tax law imposes significant limitations on U.S. Holders of Bearer Notes. U.S. Holders should consult their tax advisers regarding the U.S. federal income and other tax consequences of the acquisition, ownership and disposition of Bearer Notes.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

The term "**U.S. Holder**" does not include former citizens and residents of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

Payments of Stated Interest

Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the Noteholder's method of accounting for U.S. federal income tax purposes, provided that, the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the Noteholder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and foreign currency notes are described under "*– United States – Original Issue Discount*", "*– United States – Foreign Currency Notes*" and "*– United States – Contingent Payment Debt Instruments*".

Original Issue Discount ("OID")

A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will be referred to as an "original issue discount Note") unless the Note satisfies a *de minimis* threshold (as described below) or is a short-term Note (as defined below). The "issue price" of a Note generally will be the first price at which a substantial amount of the Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Note generally will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest." "Qualified stated interest" is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest. In addition, qualified stated interest includes, among other things, stated interest on a "variable rate debt instrument" that is unconditionally payable (other than in debt instruments of the issuer) at least annually at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount (1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity) the Note will not be considered to have original issue discount. U.S. Holders of Notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Note or upon a sale or exchange of the Note.

A U.S. Holder of original discount Notes will be required to include any qualified stated interest payments in income in accordance with the Noteholder's method of accounting for U.S. federal income tax purposes. U.S. Holders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the IRS (a "**constant yield election**"). Special rules and limitations may apply to U.S. Holders making a constant yield election on a Note with market discount. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of making such an election.

A Note that matures one year or less from its date of issuance (a "**short-term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash method U.S. Holder of a short-term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. Noteholders who so elect and certain other Noteholders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

TDIC Finance Limited may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require TDIC Finance Limited to redeem, a Note prior to its stated maturity date. Under applicable regulations, if TDIC Finance Limited has an unconditional option to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, the yield on the Note would be lower than its yield to maturity. If the U.S. Holders have an unconditional option to require TDIC Finance Limited to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Note would be higher than its yield to maturity. If this option is not in fact exercised, the Note would be treated solely for the purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of an original issue discount Note is defined as the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market Discount

If a U.S. Holder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its adjusted issue price (for this purpose, as defined under "– *United States – Original Issue Discount*"), the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the Noteholder to include market discount in income as it accrues, or pursuant to a constant yield election (as described under "– *United States – Original Issue Discount*") by the Noteholder. An election to include market discount in income will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election to accrue market discount on the basis of a constant interest rate in lieu of accrual on a straight line basis. This election is generally irrevocable.

Acquisition Premium and Amortisable Bond Premium

A U.S. Holder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Note for an amount that is greater than the amount payable at maturity, or on the earlier call date, in the case of a Note that is redeemable at TDIC Finance Limited's option, the Noteholder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The Noteholder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note (where the Note is not optionally redeemable prior to its maturity date). If the Note may be optionally redeemed prior to maturity after the Noteholder has acquired it, the amount of amortisable bond premium is determined by substituting the call date for the maturity date and the call price for the amount payable at maturity only if the substitution results in a smaller amount of premium attributable to the period before the redemption date. A Noteholder who elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the Noteholder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under "– *United States – Original Issue Discount*") for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the Noteholder's debt instruments with amortisable bond premium.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Noteholder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of OID and market discount included in the U.S. Holder's gross income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note and decreased by any bond premium or acquisition premium previously amortised and the amount of any payment received from the issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for the purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note which would be treated as interest as described under "*– United States – Payments of Stated Interest*".

Except as described below, gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the Noteholder's taxable income. See "*– United States – Original Issue Discount*" and "*– United States – Market Discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Notes, and contingent payment debt instruments. See "*– United States – Foreign Currency Notes*" and "*– United States – Contingent Payment Debt Instruments*".

Foreign Currency Notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Notes that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal on which are payable in a currency other than the U.S. dollar ("**foreign currency Notes**").

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the Noteholder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a Noteholder should make any of these elections may depend on the Noteholder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. A cash method Noteholder who receives a payment of qualified stated interest in U.S. dollars pursuant to an option available under such Note will be required to include the amount of this payment in income upon receipt.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. Holder will recognise U.S. source exchange gain or loss, taxable as ordinary income, with respect to accrued interest income on the date the income is actually received. The amount of gain or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period (or, where a Noteholder receives U.S. dollars, the amount of the payment in respect of the accrual period) and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. Holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the foreign currency Note. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Holder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the Noteholder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Note, or the foreign currency amount of the adjustment. A U.S. Holder who purchases a foreign currency Note with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the Noteholder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the Noteholder or the "qualified business unit" of the Noteholder on whose books the Note is properly reflected. Any gain or loss realised by these Noteholders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any discount not previously included in the Noteholder's income. Noteholders should consult their tax advisers with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Note is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations provided that the Notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be U.S. source ordinary income or loss.

Contingent Payment Debt Instruments

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for the purposes of the original issue discount rules) they will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Note and the Note's "projected payment schedule" as described below. The comparable yield is determined by TDIC Finance Limited at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest income that a U.S. Holder will be required to accrue on a contingent payment debt instrument, TDIC Finance Limited will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule constitutes a representation by TDIC Finance Limited regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by TDIC Finance Limited in determining interest accruals and adjustments in respect of an optionally exchangeable Note, unless the Noteholder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS. TDIC Finance Limited's determination, however, is not binding on the IRS and it is possible that the IRS could conclude that some other comparable yield or project payment schedule should be used instead.

A U.S. Holder, regardless of the Noteholder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment (the excess of projected payments over actual payments) in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a Noteholder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
    - the amount of all previous interest inclusions under the contingent payment debt instrument; over

- the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the 2 per cent. floor limitation imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Special rules apply to a Contingent Note that is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Contingent Note**"). Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue OID under the rules described above (based on a "**comparable yield**" and the differences between actual payments on the Note and the Note's "**projected payment schedule**") but in the foreign currency in which the Foreign Currency Contingent Note is denominated. OID on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above under "*- United States - Foreign Currency Notes*". Any positive adjustment in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Note is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Note that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership of a Foreign Currency Contingent Note.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Noteholder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Holder on the Note under these rules, disregarding any net positive and net negative adjustments, increased or decreased by the amount of any positive or negative adjustments that the U.S. Holder is required to make to account for the difference between the U.S. Holder's purchase price for the Note and the adjusted issue price at the time of purchase and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments scheduled to be made on the Note to the U.S. Holder through such date (without regard to the actual amount paid). A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a Noteholder recognises loss above certain thresholds, the Noteholder may be required to file a disclosure statement with the IRS (as described under "*– United States - Reportable Transactions*").

A U.S. Holder's adjusted basis in a Foreign Currency Contingent Note will equal: (i) the U.S. dollar value of the cost thereof; (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Note (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID); and (iii) decreased by the U.S. dollar amount of the projected amount of all prior payments in respect of the Foreign Currency Contingent Note.

The amount realised by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Note is: (i) first separated into principal and one or more OID components (based on the principal and OID comprising the U.S. Holder's basis); and (ii) then allocated first to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realised is translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realised upon a sale, exchange or retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realised over the U.S. Holder's adjusted basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain or loss realised by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Note will generally be foreign source and will have the character described above. A U.S. Holder will recognise U.S. source exchange rate gain or loss, taxable as ordinary income or loss, on the receipt of foreign currency in respect of a Foreign Currency Contingent Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the sale, exchange or retirement of a Foreign Currency Contingent Note.

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument, including in satisfaction of a conversion right or a call right, equal to the fair market value of the property determined at the time of retirement. The Noteholder's holding period for the property will commence on the day immediately following its receipt.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the Noteholder's U.S. federal income tax liability and may entitle them to a refund, provided that, the required information is furnished to the IRS. U.S. Holders should consult their tax advisers about any additional reporting obligations that apply as a result of the acquisition, holding or disposition of the Notes.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of Notes constitutes participation in a "reportable transaction" for the purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of Notes.

Additional Reporting Requirements

U.S. holders should consult their tax advisers regarding any additional reporting or filing requirements they may have as a result of acquiring, owning or disposing of the Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Noteholder's particular situation. Noteholders should consult their tax advisers with respect to the tax consequences to them of the ownership and disposition of the Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria may instead apply (unless during that period they elect otherwise) a withholding system in relation to such payments deducting tax at rates rising over time to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries and territories and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendment to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional adviser.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "**employee benefit plans**" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" or "**disqualified persons**") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. To the extent a purchase of any Note (or interest in a Note) by a Plan is permitted, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any Notes are acquired by a Plan with respect to which any of the Issuer, TDIC, the Arrangers or the relevant Dealer(s) or any of their respective affiliates are a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire Notes and the circumstances under which such decision is made. There can be no assurance that any exemption will be available with respect to any particular transaction involving the Notes, or that, if any exemption is available, it will cover all aspects of any particular transaction. No assurance is given regarding whether the purchase or holding of any Notes would be considered to involve an extension of credit to the Issuer for the purposes of ERISA or Section 4975 of the Code. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

Accordingly, unless otherwise stated in the Final Terms, by its purchase of any Notes (or any interest therein), each original or subsequent purchaser or transferee of a Note (or any interest therein) will be deemed to have represented and agreed either that: (i) it is not and for so long as it holds a Note (or any interest therein) will not be a Plan, an entity whose underlying assets include the assets of any such Plan for the purposes of ERISA or the Code (each of the foregoing a "**Benefit Plan Investor**"), or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"); or (ii) it is an employee benefit plan that is not a Benefit Plan Investor and is subject to Similar Law, and the purchase and holding of a Note will not constitute or result in a violation of any such Similar Law. Any purported purchase or transfer of a Note (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*.

Governmental plans and certain church and other U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing the Notes (or any interest therein).

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NOTES (OR ANY INTEREST THEREIN) AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISERS PRIOR TO INVESTING IN THE NOTES (OR ANY INTEREST THEREIN) TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTORS' PARTICULAR CIRCUMSTANCES.

TO THE EXTENT THAT A PURCHASE OF A NOTE (OR ANY INTEREST THEREIN) IS PERMITTED IN THE FINAL TERMS, THE SALE OF NOTES (OR ANY INTEREST THEREIN) TO A PLAN IS IN NO

RESPECT A REPRESENTATION BY THE ISSUER, TDIC, THE ARRANGERS OR THE RELEVANT DEALER(S) THAT SUCH AN INVESTMENT MEETS ALL RELEVANT REQUIREMENTS WITH RESPECT TO INVESTMENTS BY PLANS GENERALLY OR ANY PARTICULAR PLAN, OR THAT SUCH AN INVESTMENT IS APPROPRIATE FOR PLANS GENERALLY OR ANY PARTICULAR PLAN.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated dealer agreement (the "**Dealer Agreement**") dated 24 June 2009, agreed with the Issuer and TDIC a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Summary of Provisions relating to the Notes while in Global Form*" and "*Terms and Conditions of the Notes*".

In accordance with the terms of the Dealer Agreement, the Issuer and TDIC have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and the Issuer and TDIC have agreed to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Certain of the Dealers and their respective affiliates have, in the past, performed investment banking and advisory services for, and provided credit facilities to, TDIC for which they have received customary fees and expenses. Each of the Dealers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, TDIC in the ordinary course of their respective businesses.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Global Note Certificate with a view to holding it in the form of an interest in the same Global Note Certificate) or person wishing to transfer an interest from one Global Note Certificate to another or from global to definitive form or *vice versa*, by accepting delivery of this Base Prospectus will be deemed to have acknowledged, represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware, and each beneficial owner of such Notes has been advised, that any sale to it is being made in reliance on Rule 144A; or (ii) it is outside the United States and is not a U.S. person;

(b) that the Notes are being offered, sold, pledged or otherwise transferred in a transaction not involving a public offering in the United States within the meaning of the Securities Act and that the Notes and the Guarantee have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) that, unless it holds an interest in an Unrestricted Global Note Certificate and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series (or the date on which full consideration has been paid for Partly Paid Notes) and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only: (i) to the Issuer or any affiliate thereof; (ii) within the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(d) unless otherwise stated in the Final Terms, either: (A) it is not and for so long as it holds a Note (or any interest therein) will not be: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in and subject to the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"); (iii) an entity whose underlying assets include the assets of any such employee benefit plan or plan for the purposes of ERISA or the Code (each of the foregoing a "**Benefit Plan Investor**"); or (iv) a governmental or other benefit plan which is subject to any U.S. federal, state or local law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"); or (B) it is an employee benefit plan that is not a Benefit Plan Investor and is subject to Similar Law, and the purchase and holding of a Note (or any interest therein) will not constitute or result in a violation of any such Similar Law. Any purported purchase or transfer of a Note (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*;

(e) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;

(f) that Notes initially offered in the United States to QIBs will be represented by one or more Restricted Global Note Certificates and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Note Certificates;

(g) that the Notes in registered form, other than the Unrestricted Global Note Certificates, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED 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) EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND THE TRUST DEED AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES (OR THE DATE ON WHICH FULL CONSIDERATION HAS BEEN PAID FOR PARTLY PAID NOTES) AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (1) TO THE ISSUER OR ANY AFFILIATE THEREOF; (2) WITHIN THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

UNLESS OTHERWISE STATED IN THE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED EITHER THAT: (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE: (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") THAT IS SUBJECT TO TITLE I OF ERISA; (II) A "**PLAN**" AS DEFINED IN AND SUBJECT TO THE U.S. INTERNAL REVENUE CODE OF 1983, AS AMENDED (THE "**CODE**"); (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN FOR THE PURPOSES OF ERISA OR THE CODE (EACH OF THE FOREGOING A "**BENEFIT PLAN INVESTOR**"); OR (IV) A GOVERNMENTAL OR OTHER BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (B) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR AND IS SUBJECT TO SIMILAR LAW, AND THE PURCHASE AND HOLDING OF A NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF A NOTE (OR ANY INTEREST THEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

(h) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as forty (40) days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only: (i)(a) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; or (b) to a QIB in compliance with Rule 144A; and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Unrestricted Global Note Certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"NEITHER THIS SECURITY NOR THE GUARANTEE HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."

(i) it understands that the Issuer, TDIC, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and TDIC; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(j) it understands that the Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note Certificate. Before any interest in the Restricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Note Certificate, it will be required to provide a

Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$250,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$250,000 (or its foreign currency equivalent) principal amount of Registered Notes.

Selling Restrictions

United States

The Notes and the Guarantee 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 accordance with Regulation S under the Securities Act or pursuant to an exemption 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.

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

Where the TEFRA D Rules are specified in the Final Terms as being applicable in relation to any Tranche of Notes, each Dealer will be required to represent, undertake and agree that:

(a) except to the extent permitted under U.S. Treasury regulation Section 1.163-5(c)(2)(i)(D) (the "**D Rules**") that it has not offered or sold and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person and it has not delivered and that it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

(b) it has, and throughout the restricted period, it will have in effect, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury regulation Section 1.163-5(c)(2)(i)(D)(6);

(d) with respect to each affiliate that acquires Notes from it for the purpose of offering or selling such Notes during the restricted period, it either: (i) repeats and confirms the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph on such affiliate's behalf; or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph;

(e) unless otherwise stated in the Final Terms, either: (A) it is not and for so long as it holds a Note (or any interest therein) will not be: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in and subject to the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"); (iii) an entity whose underlying assets include the assets of any such employee benefit plan or plan for the purposes of ERISA or the Code (each of the foregoing, a "**Benefit Plan Investor**"); or (iv) a governmental or other benefit plan which is subject to any U.S. federal, state or local law, that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"); or (B) it is an employee benefit plan that is not a Benefit Plan Investor and is subject to Similar Law, and the purchase and holding of a Note (or any interest therein) will not constitute or result in a violation of any such Similar Law. Any purported purchase or transfer of a Note (or any interest therein) that does not comply with the foregoing shall be null and void *ab initio*; and

(f) it shall obtain from a "distributor" as defined in U.S. Treasury regulation Section 1.163-5(c)(2)(i)(D)(4(ii)) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in sub-paragraphs (a), (b), (c), (d) and (e) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Where the TEFRA C Rules are specified in the Final Terms as being applicable in relation to any Tranche of Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented, undertaken and agreed that, in connection with the original issuance of the Notes:

(a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and

(b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it or such prospective purchaser is within the United States or its possessions and will not otherwise involve its United States office in the offer and sale of Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold and agrees that it will offer and sell the Notes of any Series: (i) as part of their distribution at any time; or (ii) otherwise until forty (40) days after the completion of the distribution, of an identifiable tranche of which such Notes are a part as determined and certified to the Issuing and Paying Agent by the such Dealer or, in the case of sale of an identifiable tranche of Notes to or through more than one Dealer, by such Dealers with respect to the Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify each Dealer (when all such Dealers have so certified), only in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act as set forth below. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has and its affiliates have agreed that, at or prior to confirmation of sale of Notes (other than a sale pursuant to Rule 144A) it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part, except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Until forty (40) days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may, directly or through their respective broker-dealer affiliates, arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$250,000 (or the approximate equivalent thereof in any other currency). To the extent that either the Issuer or TDIC is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, each of the Issuer and TDIC has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the Final Terms.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that, no such offer of Notes referred to above shall require the Issuer, TDIC or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or TDIC; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offer or invitation to subscribe for the Notes has been or will be made to the public of the Cayman Islands.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme 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.

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer any Notes to the Public (as defined in Articles 142-146 of the Commercial Companies Law (Decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain.

Kingdom of Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Notes pursuant to an offering should note that the offer of Notes is a private placement under

Article 9(a)(2) and/or Article 9(a)(3) of the "Offer 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**"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will comply with Article 10 and/or Article 11 of the KSA Regulations.

The offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (i) the Notes are offered or sold to a "Sophisticated Investor" (as defined in Article 10 of the KSA Regulations); (ii) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (iii) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

State of Qatar

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that 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, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor pursuant to Section 274 of the SFA; (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, TDIC nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, TDIC or any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer, TDIC and the relevant Dealer(s) shall agree and as shall be set out in the Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer dated 23 June 2009 and by a resolution of the Board of Directors of TDIC on the same date. The update of the Programme and the issue of Notes thereunder was authorised by a resolution of the board of directors of the Issuer dated 15 June 2011 and by Board of Directors' Meeting No.3 of 2010 of TDIC. The Issuer and TDIC have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes or the Guarantee, as the case may be.

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note, a Global Note Certificate or Notes initially representing the Notes of such Tranche. Application has been made to the U.K. Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Regulated Market. The listing of the Programme in respect of Notes is expected to be granted on or before 4 July 2011. Prior to the official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Regulated Market will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.

Documents Available

For the period of twelve months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London:

(i) the constitutional documents of the Issuer and TDIC;

(ii) the consolidated financial statements of TDIC and its subsidiaries with report of the independent auditors as at and for the financial years ended 31 December 2010 and 31 December 2009;

(iii) the most recently published consolidated financial statements of TDIC and its subsidiaries with report of the independent auditors;

(iv) the most recently published unaudited interim condensed consolidated financial statements of TDIC and its subsidiaries with any review report prepared in connection therewith;

(v) the Trust Deed (incorporating the Guarantee), the Agency Agreement, and the forms of the Global Notes, the Global Note Certificates, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(vi) a copy of this Base Prospectus; and

(vii) any future base prospectuses, prospectuses, information memoranda and supplements including Final Terms (save that the Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes will be confirmed in the Final Terms. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) Common Code, will be specified in the Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer, TDIC and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Save in respect of the issuance by the Issuer of U.S.$1.0 billion global medium term notes on 2 July 2009, there has been no significant change in the financial or trading position, or material adverse change in the prospects, of the Issuer since the date of its incorporation.

There has been no significant change in the financial or trading position of TDIC or the Group since 31 December 2010 and there has been no material adverse change in the prospects of TDIC or the Group since 31 December 2010.

Litigation

The Issuer is not, nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on the Issuer and/or the Group's financial position or profitability.

Save as disclosed on page 157 of this Base Prospectus under "*Business Description of TDIC – Legal Proceedings*", neither TDIC nor any other member of the Group is, nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TDIC is aware) in the twelve months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on TDIC and/or the Group's financial position or profitability.

Auditors

The consolidated financial statements of TDIC and its subsidiaries as at and for the financial years ended 31 December 2010 and 31 December 2009 included in this Base Prospectus, have been audited by Deloitte & Touche (M.E.), who are public accountants registered to practise as auditors with the Ministry of Economy in Abu Dhabi, as stated in their audit reports appearing herein. The auditors of TDIC and its subsidiaries have no material interest in TDIC and its subsidiaries.

Post-issuance Information

Save as set out in the Final Terms, neither the Issuer nor TDIC intends to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer and TDIC

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, TDIC and the Group in the ordinary course of business.

Certain additional information relating to TDIC

TDIC has been incorporated for an initial term of 100 years which may be renewed in accordance with TDIC's Articles of Association. The circumstances in which TDIC may be dissolved are as follows:

- the expiry of its 100-year term (unless renewed);
- upon the fulfilment of the objects for which TDIC was created;
- upon the issuance of a resolution by the Executive Council to terminate the duration of TDIC;
- upon a decision of ADTA, in the event that TDIC's losses amount to at least half the capital of TDIC; and
- upon the amalgamation of TDIC with any other company.

In accordance with the Articles of Association, for so long as the shares of TDIC are wholly owned by ADTA, TDIC is not permitted to list its share capital on the Abu Dhabi Stock Exchange and/or one or more stock exchanges licensed to operate in the U.A.E.

TDIC is a Public Joint Stock Company established under the laws of the U.A.E. on 25 October 2005 and established under Law No. 12 of 2005, having its registered office at P.O. Box 126888, Abu Dhabi, U.A.E.

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TOURISM DEVELOPMENT AND INVESTMENT COMPANY P.J.S.C.

Reports and consolidated financial statements
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Report of the Directors
for the year ended 31 December 2010

The Directors have pleasure in submitting their report together with the audited consolidated financial statements of Tourism Development and Investment Company P.J.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2010.

Principal activities

The Group was formed by ADTA to expand the tourism and leisure activity business in Abu Dhabi primarily through developing and leasing investment properties and acquiring, developing and operating real estate projects in the United Arab Emirates – Abu Dhabi.

Results

Revenue for the year was AED 347,200 thousand (2009: AED 235,107 thousand).
Net loss for the year was AED 1,155,498 thousand (2009: AED 551,009 thousand).

Release

The Directors release from liability the management and the external auditors in connection with their duties for the year ended 31 December 2010.

Auditors

Deloitte & Touche (M.E.) are eligible to be re-appointed as auditors for the year ended 31 December 2011 and have expressed their willingness to be re-appointed.

On behalf of the Directors

Director

Deloitte & Touche (M.E.)
Bin Ghanim Tower
Hamdan Street
P.O. Box 990, Abu Dhabi
United Arab Emirates

Tel: +971 (2) 676 0606
Fax: +971 (2) 676 0644
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Tourism Development and
Investment Company P.J.S.C.
Abu Dhabi, UAE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Tourism Development and Investment Company P.J.S.C. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended, and the Articles of Association of the Company, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Also, in our opinion, the Company has maintained proper books of account and the physical inventory was properly conducted. The information contained in the directors' report relating to the financial statements is in agreement with the books. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended, or the Articles of Association of the Company which might have materially affected the financial position of the Company or its financial performance.

Saba Y. Sindaha
Registration Number 410
10 March 2011

ديلويت آند توش
ص.ب : ٩٩٠
ابوظبي - ا.ع.م.
Abu Dhabi - U.A.E.
P.O.Box : 990
Deloitte & Touche

Consolidated statement of financial position
at 31 December 2010

	Notes	2010 AED' 000	2009 AED' 000
ASSETS			
Non-current assets			
Property, plant and equipment	5	15,745,931	10,023,261
Investment properties	6	13,592,339	1,312,600
Investments in associates	7	866,945	564,868
Long-term receivables	8	2,304	2,654
Total non-current assets		30,207,519	11,903,383
Current assets			
Development work-in-progress	9	4,352,451	18,668,826
Inventories		6,375	4,419
Trade and other receivables	10	1,636,028	1,912,882
Prepayments	11	240,215	153,344
Cash and bank balances	12	2,975,512	4,371,108
Total current assets		9,210,581	25,110,579
Total assets		39,418,100	37,013,962
EQUITY AND LIABILITIES			
Equity			
Share capital	13	100,000	100,000
Increase in capital	13	18,184,743	18,184,743
Other contributions	13	462,644	462,644
Statuary reserve	13	124	124
Accumulated losses		(2,079,212)	(923,714)
Total equity		16,668,299	17,823,797
Non-current liabilities			
Derivative liability	26	85,024	59,398
Provision for employees' end-of-service benefits	14	21,170	10,704
Advances from customers	15	1,576,936	1,192,381
Bank borrowings – long-term	16	2,205,000	200,000
Non-convertible bonds and sukuk	19	7,319,792	7,311,705
Other long-term payables	20	-	547,008
Government loans	20	2,787,770	1,605,585
Deferred government grants	17	5,213,629	4,047,118
Total non-current liabilities		19,209,321	14,973,899
Current liabilities			
Trade and other payables	18	2,455,512	2,191,168
Deferred government grants	17	84,968	99,615
Bank borrowings – short-term	16	1,000,000	1,922,064
Bank overdrafts	25	-	3,419
Total current liabilities		3,540,480	4,216,266
Total liabilities		22,749,801	19,190,165
Total equity and liabilities		39,418,100	37,013,962

Chairman **H.H. Sheikh Sultan Al Nahyan**	**Acting Chief Executive Officer** **James Pringle**	**Finance Director** **Wallace Long**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2010

	Notes	2010 AED' 000	2009 AED' 000
Revenues	**28**	**347,200**	235,107
Direct costs	**28**	**(249,970)**	(203,356)
Gross profit		**97,230**	31,751
Abu Dhabi Government contribution	**17**	**75,000**	75,000
Deferred government grant amortization	**17**	**99,615**	22,465
Share of losses of associates	**7**	**(1,122)**	(7,544)
Share of increase in the value of associate contributions	**7**	**303,199**	-
Administration expenses	**21**	**(1,198,113)**	(673,212)
Management fees		**(3,552)**	(2,102)
Loss on sale of property, plant and equipment		**(82)**	(765)
Impairment loss	**6**	**(35,996)**	-
(Loss)/gain on revaluation of derivative instruments	**27**	**(25,626)**	17,652
Finance costs	**24**	**(580,439)**	(127,562)
Finance income		**73,828**	107,517
Gain/(loss) on foreign exchange		**20,289**	(18,216)
Other income		**20,271**	24,007
Net loss for the year		**(1,155,498)**	(551,009)
Total comprehensive loss for the year		**(1,155,498)**	(551,009)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2010

	Share capital AED' 000	Increase in capital AED' 000	Other contributions AED' 000	Statutory reserve AED' 000	Accumulated losses AED' 000	Total AED' 000
Balance at 1 January 2009	100,000	18,184,743	374,912	124	(372,705)	18,287,074
Net loss for the year	-	-	-	-	(551,009)	(551,009)
Other contributions (Note 13)	-	-	87,732	-	-	87,732
Balance at 31 December 2009	**100,000**	**18,184,743**	**462,644**	**124**	**(923,714)**	**17,823,797**
Balance at 1 January 2010	100,000	18,184,743	462,644	124	(923,714)	17,823,797
Net loss for the year	-	-	-	-	(1,155,498)	(1,155,498)
Balance at 31 December 2010	**100,000**	**18,184,743**	**462,644**	**124**	**(2,079,212)**	**16,668,299**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2010

	2010	2009
	AED'000	AED'000
Operating activities		
Net loss for the year	**(1,155,498)**	(551,009)
Adjustments for:		
Depreciation for property, plant and equipment	**404,103**	105,406
Provision for end-of-service benefits	**13,738**	5,404
Impairment loss	**35,996**	-
Unrealized loss on derivative instruments	**25,626**	(17,652)
Finance cost recognized in statement of comprehensive income	**580,439**	127,562
Interest income recognized in statement of comprehensive income	**(73,828)**	(107,517)
Loss from sale of property, plant and equipment	**82**	765
Share of loss of associates	**1,122**	7,544
Share of increase in the value of associates contributions	**(303,199)**	-
Government grant recognized in profit or loss	**(99,615)**	(22,465)
Operating cash flow before movements in working capital	**(571,034)**	(451,962)
Increase in development work-in-progress	**(506,343)**	(1,102,779)
Increase in inventory	**(1,956)**	(2,411)
Increase/(decrease) in trade and other receivables	**223,973**	(995,513)
Decrease in long-term receivables	**350**	350
Increase in prepayments	**(86,871)**	(127,309)
Increase in advances from customers	**384,555**	198,130
Increase/(decrease) in trade and other payables	**146,997**	(87,082)
Cash used in operations	**(410,329)**	(2,568,576)
Finance cost paid	**(414,494)**	(247,153)
End- of-service benefits paid	**(3,272)**	(2,180)
Net cash used in operating activities	**(828,095)**	(2,817,909)
Investing activities		
Withdrawal of term deposits with an original maturity more than three months	**2,040,809**	(2,040,809)
Placement of term deposits with an original maturity more than three months	**(1,000,000)**	-
Payments for property plant and equipment	**(3,371,130)**	(4,774,332)
Proceeds from disposal of property, plant and equipment	**6,964**	8,920
Additions to investment properties under development	**(88,695)**	(5,978)
Interest received	**126,709**	52,988
Net cash used in investing activities	**(2,285,343)**	(6,759,211)
Financing activities		
Bank borrowing repaid	**(2,122,064)**	(1,000,000)
Bank borrowing obtained	**3,205,000**	300,000
Proceeds from issuance of debt	**-**	7,311,705
Government advances	**-**	547,008
Government loan obtained	**1,065,992**	2,000,000
Government grants obtained	**613,142**	1,865,821
Net cash from financing activities	**2,762,070**	11,024,534
Net (decrease)/increase in cash and cash equivalents	**(351,368)**	1,447,414
Cash and cash equivalents at beginning of year	**2,326,880**	879,466
Cash and cash equivalents at end of year (note 25)	**1,975,512**	2,326,880

The accompanying notes form an integral part of these consolidated financial statements.

1 General

Background information

On 25 October 2005, Tourism Development and Investment Company PJSC (the "Company") registered and incorporated as a public joint stock company in the Emirate of Abu Dhabi, United Arab Emirates under the UAE Commercial Companies Law No. (8) of 1984 (as amended) and in accordance with Abu Dhabi law No. 12 of 2005. The Company is a wholly owned subsidiary of Abu Dhabi Tourism Authority (ADTA) (the "Owner"), which is wholly owned by the Abu Dhabi Government.

The Abu Dhabi government and ADTA provide the Company financing for its operations in the form of capital contributions of assets and through grants of assets and cash. The accounting for these items is described in detail in Notes 13 and 17.

The address of the Company's registered office is P.O Box 126888, Abu Dhabi, United Arab Emirates ("UAE"). UAE is non-taxable jurisdiction and there are no operations in any taxable jurisdictions.

Principal business activities

The Company was formed by ADTA to expand the tourism and leisure activity business in Abu Dhabi primarily through developing and letting investment properties, and acquiring, developing and operating real estate projects in Abu Dhabi.

The Company and its subsidiaries (the "Group") are managed in three segments including property development and land sales, hospitality and leisure.

The Group's property development and land sales are related largely to the development and sale or lease of land located on Saadiyat Island. The Group obtained this land from ADTA through capital contribution. Saadiyat Island will be developed into seven distinct districts comprised primarily of hospitality, commercial, retail, leisure, cultural and civic facilities. Saadiyat island will also offer residential properties for sale and lease.

The Group's property development also includes the development of Sir Bani Yas Island into a tourism destination through increased amenities and attractions. Current plans include a conference center, a dive center and additional lodging facilities. Sir Bani Yas Island land is owned by the Government and the Group has an agreement to develop on the island. Any developments on the Island are owned by the Group.

The Group's property development activities also include major projects located throughout the rest of the emirate. Most are focused on constructing assets that will be valuable tourism and hospitality assets in the future.

The Group's hospitality segment currently consists of two major hotels: Desert Islands Resort & Spa, Qasr Al Sarab Desert Resort, and several Rest Houses. They are located on Sir Bani Yas Island, in the Liwa Desert Empty Quarter, and throughout the Abu Dhabi emirate, respectively.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

1 General (continued)

Principal business activities (continued)

The principal activities of Desert Islands Resort & Spa (the “Hotel”) are to provide accommodation, food and beverage services, spa and recreational facilities in the western portion of the Emirate of Abu Dhabi. The Hotel is managed by Lodging Management Labuan Limited (Anantara). The Operating and Management Agreement dated 20 July 2007 is for a period of 10 years renewable for a further period of 10 years. The Hotel commenced its operations on 1 October 2008. The Group pays Anantara a management fee as stipulated in the agreement.

The primary activities of Qasr Al Sarab Desert Resort (the “Resort”) are to provide accommodation, food and beverage services and recreation facilities in the Emirate of Abu Dhabi. The Resort is managed by Loding Management Labuan Limited (Anantara). The Operating and Management Agreement dated 20 July 2007 is for a period of 10 years renewable for a further period of 10 years. The Resort commenced its operations on 22 October 2009. The Group pays Anantara a management fee as stipulated in the agreement.

The main activities of the Rest Houses are to provide accommodation, restaurant services, recreation, and sports facilities in the Emirate of Abu Dhabi. The Rest Houses are managed by National Corporation for Tourism and Hotels (NCTH). The Operating and Management Agreement dated 1 July 2000 is for a period of 3 years renewable for a further period of 3 years. NCTH continued to manage the Rest Houses in 2010.

The Group’s leisure segment is primarily comprised of golf courses, tourism activities, and marina operations.

The Abu Dhabi Golf Club (the “Abu Dhabi Golf Club”) offers sports and leisure facilities together with food and beverage outlets. The Abu Dhabi Golf Club is operated by Troon Golf Suisse Sarl (“Troon”) under a management agreement which expires on 31 December 2013. The Group pays Troon a management fee as stipulated by the management agreement.

The Saadiyat Beach Golf Club (the “Saadiyat Beach Golf Club”) also offers sports and leisure facilities and varied food and beverage outlets. Saadiyat Beach Golf Club is also operated by Troon under a management agreement which expires 31 December 2024. The Group pays Troon a management fee in accordance with the agreement.

The Group also manages leisure facilities and other activities on Sir Bani Yas Island and in the Liwa Desert near Qasr Al Sarab including management of wildlife, conservation of habitat, and tourist activities including game viewing drives, mountain biking, falconry, archery and kayaking.

The leisure segment also includes Marina Al Bateen, which is located on the island of Abu Dhabi. Marina Al Bateen is a multi-phased project. Phase one commenced operations during 2010 and currently offers 323 marina berths to local fisherman. Marina Al Bateen is managed by the Group.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs affecting presentation and disclosure only

The following new and revised IFRSs have been applied in the current period in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no effect on the financial statements are set out in section 2.2.

IAS 24 *Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.*	The disclosure exemptions introduced in IAS 24 (as revised in 2009) were early applied by the Bank in advances to their effective date (annual periods beginning on or after January 1, 2011).

2.2 New and revised IFRSs applied with no effect on the consolidated financial statements

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*	The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
IFRS 3 (revised) *Business Combinations*	Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) *Consolidated and Separate Financial Statements*, IAS 28 (revised) *Investments in Associates* and IAS 31 (revised) *Interests in Joint Ventures*.
Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*	The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2008)*	The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.
Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
IFRIC 17 *Distributions of Non-cash Assets to Owners*	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs applied with no effect on the consolidated financial statements

IFRIC 17 *Distributions of Non-cash Assets to Owners*	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders
IFRIC 18 *Transfers of Assets from Customers*	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 *Revenue*.
Improvements to IFRSs issued in 2009	The application of Improvements to IFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements

2.3 New and revised IFRSs in issue not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 1 relating to *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*	1 July 2010
Amendments to IFRS 7 *Financial Instruments: Disclosures*, relating to Disclosures on Transfers of Financial Assets	1 July 2011
IFRS 9 *Financial Instruments* (as amended in 2010)	1 January 2013
Amendments to IAS 32 *Financial Instruments: Presentation*, relating to Classification of Rights Issues	1 February 2010
IFRS 3 (revised) *Business Combinations*	1 April 2010
Amendments to IFRIC 14 relating to *Prepayments of a Minimum Funding Requirement*	1 January 2011
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Improvements to IFRSs issued in 2010 covering amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13	1 January 2011, excep IFRS 3 and IAS 27 whicl are effective 1 July 2010

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.3 New and revised IFRSs in issue not yet effective

Management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the initial period when it becomes effective and the application of this new Standard may have impact in respect of Group's financial assets and financial liabilities, however, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Management anticipates that the adoption of other new IFRSs in future periods will have no material impact on the financial statements of the Group in the period of initial application.

3 Summary of significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting polices below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Details of the Company's subsidiaries at 31 December 2010 are as follows:

Name of subsidiary	Ownership interest	Country of incorporation	Principal activity
Desert Islands L.L.C.	100%	UAE	Real estate development
Qasr Al Sarab L.L.C.	100%	UAE	Real estate development
TDIC Finance Limited	100%	Cayman Islands	Financing activities
TDIC Sukuk Limited	100%	Cayman Islands	Financing activities

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3 Summary of significant accounting policies (continued)

Investment in associates

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in the consolidated statement of comprehensive income as follows:

<u>Sale of properties</u>

Revenue from the sale of properties is recognized when equitable interest in a property vests in a buyer and all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rental income</u>

Lease income from operating leases is recognized on a straight-line basis over the lease term.

<u>Hotels and rest houses</u>

Hotels and Rest Houses revenue represents total amounts invoiced to customers and guests during the year excluding service charges, as and where applicable, plus unbilled guest ledger totals at the reporting date. Revenue is stated net of rebates and allowances.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)
Leisure services - golf courses

Revenue represents the value of services provided by the Clubs during the year, net of rebates and allowances. Revenue is recognized as services are performed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. The cost of property, plant and equipment is the purchase cost plus any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of property, plant and equipment over their useful lives using the straight line method on the following basis:

Buildings	5 to 20 years
Furniture, fixtures and office equipment	3 to 5 years
Machinery, tools and equipment	5 to 10 years
Transportation assets	2 to 5 years
Aircraft	12 to 20 years

The Group does not depreciate land or fine art. In addition, capital work-in-process is recorded at cost until completion and then transferred to the appropriate asset category and depreciated over its useful life.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Capital work-in-progress

Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes all direct costs attributable to bringing the assets to the location and condition necessary for the asset to operate in the manner intended, including related staff costs, design, and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work-in-progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

Inventories

Inventories consist primarily of food, beverages and consumable items and are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted-average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Investment property

Investment property, which is property held to earn rentals, for undetermined future use, and/or for capital appreciation, is measured at its cost, including transaction costs. The costs of assets granted to the Group by the government are recorded at nominal value (as described in Note 6 and 13).

Investment property in the course of construction is carried at cost, less any recognized impairment loss. Cost includes all direct costs attributable to bringing the assets to the location and condition necessary for the asset to operate in the manner intended, including related staff costs, design, and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. When the assets are ready for intended use, they are transferred from work-in-progress and depreciated in accordance with the Group's policies. Depreciation is recorded to income so as to write off the cost of a property over its estimated useful life using the straight-line method. No depreciation is recorded for land.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

A transfer to, or from, investment property is made when there is a change-in-use. Change in use is determined based on the approved business plan of the group which take in consideration the Group's future intentions and plans for the assets. Examples of change in use are as follows:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Development work-in-progress

Development work-in-progress consists of property on Saadiyat Island that is being developed principally for sale and is stated at the lower of cost or net realizable value. Cost comprises all direct costs attributable to the design and construction of the property including staff costs. Net realizable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses.

Impairment of long-lived tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its long-lived tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a recoverable and consistent basis of allocation can be identified, the corporate assets are also allocated to individual cash-generating units for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leases. All other leases are classified as operating leases. As of year-end, all lease agreements entered by the Group were classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

3 Summary of significant accounting policies (continued)

Leasing (continued)

<u>The Group as lessee (continued)</u>

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below).

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates, being its functional currency.

For the purposes of these consolidated financial statements, the results and financial position of each group company are expressed in U.A.E Dirhams (AED), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in currencies other than each group company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the consolidated statement of comprehensive income in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign subsidiaries are expressed in AED Dirhams using exchange rates prevailing at the reporting period date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. When considering pooled financing, investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period which they are incurred.

Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. This type of grant is available to various companies both owned and not owned by the Government. The Government grants received to date consist primarily of four types of grants:

- Non-monetary government grants: The Government grants to the Group undeveloped land in areas of the country where significant investment is required to derive value from the land. This land is recorded at nominal value, which approximates the value prior to development, where there is reasonable assurance that the asset will be received and the Group will comply with any attached conditions, where applicable.
- Cash grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets: These grants are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.
- Cash grants to fund the operating costs associated with the operation of Sir Bani Yas Island: These grants are recognized as income on a systematic basis over the periods necessary to match them with the costs for which they are intended to compensate.
- The benefit of a Government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

In addition, Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3 Summary of significant accounting policies (continued)

Employee benefits

Provision is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for the full amount of end-of-service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. This provision is calculated as a minimum of 21 days remuneration for each year of the first five years of service and 30 days remuneration for additional year service. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Retirement and Pension Benefits Fund, calculated in accordance with Government regulations. Such contributions are charged to the statement of comprehensive income during the employees' period of service.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at contract date, and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair values of the derivatives are carried out by independent valuers by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.

Changes in the fair value of derivative financial instruments are recorded directly to income unless they are designated as hedge for accounting purposes. Derivative financial instruments that are not accounted for as hedge for accounting purposes are recognized at fair value through the profit and loss. The Group did not designate any of its financial instruments as accounting hedges.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Financial assets

The Group has the following financial assets: Bank and cash balances, investment in associates and trade and other receivables. These financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Bank and cash balances are comprised of cash and balances with banks in current accounts or term deposits which mature within three months of the date of placement.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

3 Summary of significant accounting policies (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4 Critical accounting judgments and key sources of estimation of uncertainty

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimate made by management are summarized as follows:

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations described below, that the management have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognized in the financial statements.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property plant and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property plant and equipment and land held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by management.

Key sources of estimation

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives of property, plant and equipment

The Group's property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives which are based on management's business plans and operations estimates related to those assets. The factors that could affect that estimation of the useful lives and residual values include the following:

- Changes in asset utilization rates
- Changes in maintenance technology
- Changes in regulations and legislations; and
- Unforeseen operational issues.

Any of the above could affect prospective depreciation of property, plant and equipment and their carrying and residual values. Management periodically reviews the appropriateness of assets' useful economic lives. This review is based on current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

4 Critical accounting judgments and key sources of estimation of uncertainty

Critical judgments in applying accounting policies (continued)

Impairment assessment of long lived tangible assets

Long-lived tangible assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. This requires the Group to make judgments regarding long-term forecasts of future revenues and costs related to the assets subject to review. In turn, these forecasts are uncertain in that they require assumptions about demand for properties and future market conditions. Significant and unanticipated changes to these assumptions and estimates included within the impairment reviews could result in significantly different results than those recorded in the consolidated financial statements.

Allowances for doubtful debts

Management has estimated the recoverability of accounts receivable and has considered the allowance required for doubtful debts. Management has estimated for the allowance for doubtful debts on the basis of prior experience and the current economic environment. Estimating the amount of the allowance for doubtful accounts requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, consideration of current economic trends and conditions and debtor-specific factors, all of which may be susceptible to significant change. A provision for bad debt is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for bad debt could be required that could adversely affect earnings or financial position in future periods.

Provision for infrastructure construction

The Group has an obligation under the terms of its sale and purchase agreements to develop the infrastructure of the sold land. Infrastructure cost is deemed to form part of the cost of revenue and is based on management estimate of the future budgeted costs to be incurred in relation to the project including, but are not limited to, future subcontractor costs, estimated labor costs, and planned other material costs. The Group estimated the provision for infrastructure cost related to the sold plots of land by dividing the total estimated infrastructure cost by the total Gross Floor Area (GFA) and multiplied the cost per GFA by the GFA of the sold land. The provision for infrastructure costs requires the Group's management to revise its estimate of such costs on a regular basis in light of current market prices for inclusion as part of the cost of revenue.

Impairment of construction work-in-progress

Properties classified under construction work-in-progress are assessed for impairment based on assessed cash flows on individual cash-generating units when there is indication that those assets have suffered an impairment loss. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash-generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

Key sources of estimation (continued)

Impairment of investments in associates

Management regularly reviews its investments in associates for indicators of impairment. This determination of whether investments in joint ventures and associates are impaired entails Management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognized as an expense in profit or loss. Management is satisfied that no impairment provision is necessary on its investments in associates.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognized pricing models as appropriate. The discounted cash flow model requires numerous estimates and assumptions regarding the forward rates. Due to its subjective nature, these estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

5 Property, plant and equipment

	Land AED'000	Buildings AED'000	Furniture, fixtures and office equipment AED'000	Machinery, tools and equipment AED'000	Transportation assets AED'000	Aircrafts AED'000	Capital Work-in-progress AED'000	Total AED'000
Cost								
1 January 2009	2,286,210	467,215	53,343	22,265	22,145	15,910	2,188,693	5,055,781
Additions	87,732	3,208	22,501	6,669	21,702	-	4,813,712	4,955,524
Disposals	-	(1,363)	(267)	-	(10,567)	-	-	(12,197)
Transfer from investment properties (Note 6)	829,214	-	-	-	-	-	-	829,214
Transfer to development work-in-progress (Note 9)	(663,485)	-	-	-	-	-	-	(663,485)
Transfer	-	1,127,380	638,761	18,523	5,852	-	(1,790,516)	-
1 January 2010	2,539,671	1,596,440	714,338	47,457	39,132	15,910	5,211,889	10,164,837
Additions	-	100,788	73,066	13,435	27,022	-	3,296,338	3,510,649
Disposals	-	-	(7,377)	(278)	(1,432)	-	-	(9,087)
Transfer to investment properties (Note 6)	(765,371)	-	-	-	-	-	(16,822)	(782,193)
Transfer from development work-in-progress (Note 9)	-	-	-	-	-	-	3,405,365	3,405,365
Transfer	-	1,412,419	30,640	104,183	4,194	-	(1,551,436)	-
31 December 2010	**1,774,300**	**3,109,647**	**810,667**	**164,797**	**68,916**	**15,910**	**10,345,334**	**16,289,571**

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

5 Property, plant and equipment (continued)

	Land AED'000	Buildings AED'000	Furniture, fixtures and office equipment AED'000	Machinery, tools and equipment AED'000	Transportation assets AED'000	Aircrafts AED'000	Capital Work-in-progress AED'000	Total AED'000
Accumulated depreciation								
1 January 2009	-	17,145	9,685	8,172	3,571	109	-	38,682
Charge for the year	-	53,450	39,601	6,327	4,970	1,058	-	105,406
Disposals	-	(770)	(121)	-	(1,621)	-	-	(2,512)
1 January 2010	-	69,825	49,165	14,499	6,920	1,167	-	141,576
Charge for the year	-	233,489	128,661	28,874	12,020	1,059	-	404,103
Disposals	-	-	(1,782)	(57)	(200)	-	-	(2,039)
31 December 2010	**-**	**303,314**	**176,044**	**43,316**	**18,740**	**2,226**	**-**	**543,640**
Carrying amount								
31 December 2010	**1,774,300**	**2,806,333**	**634,623**	**121,481**	**50,176**	**13,684**	**10,345,334**	**15,745,931**
31 December 2009	2,539,671	1,526,615	665,173	32,958	32,212	14,743	5,211,889	10,023,261

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

5 Property, plant and equipment (continued)

During 2010, the Group capitalized borrowing interest and financing costs on qualified assets amounting to AED 139,517 thousand using a capitalization rate of 3.6% (2009: AED 93,460 thousand, using a capitalization rate of 2.95%).

During the year, the construction of Saadiyat Beach Golf Club, the first phase of Marina Al Bateen and several phases of the Saadiyat Construction Village was completed and transferred from capital work-in-progress to the appropriate property, plant, and equipment categories.

In 2009, the construction of Qasr Al Sarab Desert Resort was completed and transferred from capital work-in-progress to the appropriate property and equipment categories.

The Group transferred the following plots of land (to)/from land held for undetermined use under investment properties (from)/to property, plant and equipment as per the Group revised business plan:

	2010 **AED'000**	2009 AED'000
Plots of land on Saadiyat Island	**(765,371)**	-
Al Ain land	**-**	660,000
Staff Accommodation – Mafraq	**-**	169,214
	(765,371)	829,214

During the year, the Group transferred AED 3,405,365 thousand from development work-in-progress including land and development cost on Saadiyat Island to property, plant, and equipment as per the Group's revised business plan (Note 9).

During 2009, the Group received plot of land (Marina Al Bateen) as other contribution from ADTA with a fair value of AED 87,732 thousand at the date of contribution (Note 13).

The Group owned satisfactory title to all its assets and no assets were pledged as security at 31 December 2010 or 2009.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

6 Investment properties

Movement during the year is as follows:

	Land AED'000	Investment properties under development AED'000	Total AED'000
Balance at 1 January 2009	2,295,299	-	2,295,299
Additions	-	5,978	5,978
Transfer to property, plant and equipment (Note 5)	(829,214)	-	(829,214)
Disposal	(159,463)	-	(159,463)
Balance at 1 January 2010	1,306,622	5,978	1,312,600
Additions	-	109,045	109,045
Transfer from property, plant and equipment (Note 5)	765,371	16,822	782,193
Transfer from land under development (Note 9)	10,165,762	1,258,735	11,424,497
Impairment loss	(35,996)	-	(35,996)
Balance at 31 December 2010	**12,201,759**	**1,390,580**	**13,592,339**

During 2010, the Group capitalized borrowing interest and financing costs on qualified assets amounting to AED 20,350 thousand using a capitalization rate of 3.6% (2009: nil).

During 2010, the Group transferred plots of land on Saadiyat Island to investment properties as per the Group's revised business plan (Notes 5 and 9).

Investment properties comprise the following:

	2010 AED'000	2009 AED'000
Land held for rent	**1,239,276**	644,491
Held for a currently undetermined future use	**12,353,063**	668,109
	13,592,339	1,312,600

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

6 Investment properties (continued)

Land held for rent

The Group entered into lease agreements with third parties under which the third parties will develop these plots. Also the Group intends to enter into lease agreements with third parties for residential properties and retail space on Saadiyat Island.

Details of these plots of land including infrastructure are as follows:

	2010 AED'000	2009 AED'000
Plots of land on Saadiyat Island	**595,565**	-
Zayed Sports City	**84,937**	84,937
Khalidiya Hotel	**76,865**	76,865
Staff Accommodation – Mafraq	**373,009**	373,789
Marina Al Bateen	**108,900**	108,900
	1,239,276	644,491

The fair value of the Zayed Sports City, Khalidiya Hotel, and Marina Al Bateen land on the date of contribution has been calculated based upon the discounted cash flow projections based on reliable estimates of future cash flows, supported by lease contracts and using a discount rate of 15% per annum.

No rental income has been recognized as the rental income is due from the date of the completion of the projects being developed on these plots as per the lease agreement and includes an element of both fixed and contingent rental payments. The contingent rentals included in the computation are based on a percentage of operating revenue of the hotel developed on the land.

As at 31 December 2010, all lease agreements are classified under operating leases.

Land held for a currently undetermined future use

The Group has the following plots of land in different locations as held for currently undetermined future use:

	2010 AED'000	2009 AED'000
Plots of land on Saadiyat Island	**11,720,950**	-
Island City	**77,298**	77,298
Tourist Club land	**424,989**	424,989
Abu Dhabi Art Boulevard	**121,010**	157,006
Mafraq & Mirfa land	**8,816**	8,816
	12,353,063	668,109

During 2008, the group received three plots of land as government grant located in the western region of Abu Dhabi United Arab Emirate and recorded at nominal value of one Dirham. These plots are held for currently undetermined future use.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

6 Investment properties (continued)

Fair Value information

The fair values of certain investment property as at 31 December 2010 are as follows:

	Carrying amount AED'000	Fair value AED'000
Tourist Club	**424,989**	628,495
Staff Accommodation – Mafraq	**373,009**	763,426
Between the Bridges	**121,010**	121,010
Marina Al Bateen	**108,900**	334,353
Zayed Sports City	**84,937**	118,360
Island City	**77,298**	141,506
Khalidiya Hotel	**76,865**	163,376

The fair values of each property were determined using internal valuation techniques by qualified personnel which are in line with techniques that would be utilized by an external valuator. Both a market comparable analysis and a value-in-use determination were made, whereby the lower of the two is represented above.

The Group could not determine the fair value of the investment property located on Saadiyat Island located off the coast of Abu Dhabi Island with a carrying amount of AED 11,720,950 thousand. The value could not be reliably determined because the costs are an allocated portion of land value and infrastructure costs that will be a part of the large master plan that is held primarily for future development. The properties are held on the statement of financial position at approximately AED 105 per square foot on average.

Management estimates the carrying value Mafraq and Mirfa land that is located off Abu Dhabi Island to approximate fair value as at 31 December 2010.

During 2010, an AED 36 million loss represented the write-down of investment properties held for currently undetermined future use located in the "between the bridges" area of Abu Dhabi to its recoverable amount. This has been recognised on the income statement as impairment loss. Subsequent to the initial recognition of the property at AED 157 million in 2007, the Abu Dhabi Urban Planning Council has imposed height restrictions on developed buildings on this site as not to diminish the view corridor of the Sheikh Zayed Mosque, an iconic Abu Dhabi landmark. These restrictions have reduced the value of the property as the developable area has decreased. The recoverable amount was based on the asset's fair value less cost to sell (AED 121 million) and was determined using relevant market data.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

7 Investments in associates

Details of the Group's associates as at 31 December are as follows:

Name of associate	Principal activities	Place of incorporation and operation	Ownership interest
Parc Hospitality Investment L.L.C	Hospitality and Investment	UAE	20%
Qaryat Al Beri Resort Development Co L.L.C.	Hospitality	UAE	20%
Emirates Pearl Hotel L.L.C	Hospitality	UAE	20%
B2B Properties LLC	Hospitality	UAE	20%

Movement in investment in associates during the year is as follow:

	2010 AED'000	2009 AED'000
At the beginning of the year	**564,868**	672,412
Share of increase in the value of contributions	**303,199**	-
Sale of investment in associates	**-**	(100,000)
Share of loss of associates	**(1,122)**	(7,544)
At the end of the year	**866,945**	564,868

In 2009, the Group disposed of its investments in Abu Dhabi Finance P.J.S.C. (an associate) at cost of AED 100 million. This transaction has not resulted in any gain or loss on disposal.

Contribution of land for investment in associates

The Group entered into agreements with third parties to develop hotels and other assets on plots of land owned by the Group. The Group and the third parties have established companies to own the assets in which the Group will own 20% interest in these companies. The value of this contribution will be equal to 25% of the development cost of the assets being developed on these plots. During the year the Group recognized its increase in the land value on the completed projects.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

7 Investments in associates (continued)

Summarized financial information in respect of the Group's associates is set out below:

	2010 **AED'000**	2009 AED'000
Total assets	**4,502,004**	2,385,812
Total liabilities	**(4,544,134)**	(2,422,332)
Net assets	**(42,130)**	(36,520)
Group's share of net assets/(liabilities)	**(8,426)**	(7,304)
Contribution of land	**875,371**	572,172
	866,945	564,868

	2010 **AED'000**	2009 AED'000
Total revenue	**600,611**	293,151
Total loss for the year	**(5,610)**	(37,720)
Group's share of losses of associates	**(1,122)**	(7,544)

8 Long-term receivables

	2010 **AED'000**	2009 AED'000
Loans to key management personnel	**2,304**	2,654

The Group has provided its key management personnel long-term loans at zero interest rate for personal reasons. These loans are repayable over ten years and are deducted on a monthly basis.

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

9 Development work-in-progress

Development work-in-progress represents the value of Saadiyat Island land, received as increase in capital, in addition to the development costs of work-in-progress. The fair value of land was determined on the basis of evaluation carried by a chartered surveyor that is considered an industry specialist in land valuation and is not connected to the Group.

	Land AED'000	Development work in progress AED'000	Total AED'000
Balance at 1 January 2009	12,819,954	4,013,562	16,833,516
Additions	-	1,171,825	1,171,825
Transfers from property, plant and equipment (Note 5)	663,485	-	663,485
Balance at 1 January 2010	13,483,439	5,185,387	18,668,826
Additions	-	566,288	566,288
Transfers to property, plant and equipment (Note 5)	-	(3,405,365)	(3,405,365)
Transfer to investment properties (Note 6)	(10,165,762)	(1,258,735)	(11,424,497)
Cost of land sold	(44,069)	(8,732)	(52,801)
Balance at 31 December 2010	**3,273,608**	**1,078,843**	**4,352,451**

Addition to development work-in-progress includes capitalized borrowing cost of AED 7,144 thousand using a capitalization rate of 3.6% (2009: AED 69,046 thousand using a capitalization rate of 2.95%).

During the year, the Group transferred AED 3,405,365 thousand and AED 11,424,497 thousand from development work-in-progress to property, plant, and equipment and investment properties, respectively, due to revisions in the business plan.

10 Trade and other receivables

	2010 AED'000	2009 AED'000
Trade receivables	**86,289**	53,670
Less: allowance for doubtful debts	**(98)**	(105)
Trade receivable, net	**86,191**	53,565
Advances to contractors	**500,667**	641,935
Due from Abu Dhabi government	**1,015,860**	1,133,043
Accrued interest	**1,648**	54,529
Other receivables	**31,662**	29,810
	1,636,028	1,912,882

The average credit period on the sale of goods or services is 60 days. No interest is charged on trade receivables. Trade receivables over 60 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Before accepting any new customer the Group assesses the potential credit quality of the customer.

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the Group's trade receivables are customer balances with a carrying amount of AED 56,901 thousand which are past due at the end of the reporting date for which no allowance has been provided for as there was no significant change in the credit quality of the customers and the amounts are still considered recoverable.

	2010 AED'000	2009 AED'000
Not past due	**29,388**	53,670
Past due but not impaired:		
Up to 90 days	**30,903**	-
91 to 120 days	**1,757**	-
More than 120 days	**24,241**	-
Total trade receivables	**86,289**	53,670

10 Trade and other receivables (continued)

Due from Abu Dhabi Government

Due from Abu Dhabi Government is comprised of the following:

	2010 AED'000	2009 AED'000
Refundable costs, net	**806,018**	825,328
Receivables on sale of land	**159,463**	159,463
Receivables on disposal of an associate	**-**	100,000
Others	**50,379**	48,252
	1,015,860	1,133,043

Refundable costs represent costs incurred on behalf of the Government of Abu Dhabi in relation to the development of certain projects.

11 Prepayments

	2010 AED'000	2009 AED'000
Prepaid interest expense	**119,439**	-
Prepaid rent	**56,653**	102,114
Prepaid insurance	**3,530**	3,492
Prepaid bank loan fees	**52,543**	20,758
Prepaid marketing expenses	**5,532**	2,607
Others	**2,518**	24,373
	240,215	153,344

Prepaid rent includes prepaid lease payments of AED 52,572 thousand (2009: AED 95,472 thousand). The Group entered into a five year lease agreement for a residential compound to be used as management staff accommodation, commencing February 2009 for a total amount of AED 245,238 thousand. Terms consist of two payments, one of AED 140,472 thousand, paid during the six months ended 30 June 2009, and a second of AED 104,766 thousand that falls due on February 2012.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

12 Cash and bank balances

	2010	2009
	AED'000	AED'000
Cash at hand	**672**	474
Cash at banks:		
Current accounts	**799,840**	191,170
Term deposits	**2,175,000**	4,179,464
	2,975,512	4,371,108

Term deposits represent deposits placed at local banks denominated in AED, have original maturities of less than one year and have effective interest rates of 1.64% to 5.45% (2009: 2.90% to 5.45%).

13 Shareholder's equity

Share capital

The authorized and paid up share capital of the Group is 10 million shares at AED 10 each.

Increase in capital

The increase in capital resulted from the contribution of land and property, plant and equipment by ADTA. Unlike the government grants of land, assets, and cash, these assets have an immediate value to the Group, are available for the Group to use based on its own discretion without any specific requirements, are in populated and extremely valuable areas of Abu Dhabi and are contributed by ADTA instead of through the government grant process. The assets contributed as capital are recorded at fair value as at the contribution date.

The Group is currently in the process of registering the capital increase with the concerned authorities.

Other contributions

Other contributions represent additional contributions from the Group's shareholders.

Movement of other contributions during the year is as follow:

	2010	2009
	AED'000	AED'000
At the beginning of the year	**462,644**	374,912
Addition (Note 5)	**-**	87,732
At the end of the year	**462,644**	462,644

Statutory reserve

In accordance with the Articles of Association of the Group, and in line with the provisions of the UAE Federal Commercial Companies Law No.(8) of 1984 (as amended) the Group is required to transfer annually to a legal reserve account an amount equal to 10% of its net profit, until such reserve equals 50% of the paid-up capital of the Company. This reserve is not available for distribution.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

14 Provision for employees' end-of-service benefits

	2010 AED'000	2009 AED'000
Balance at the beginning of the year	**10,704**	7,480
Charged during the year	**13,738**	5,404
Paid during the year	**(3,272)**	(2,180)
Balance at the end of the year	**21,170**	10,704

15 Advances from customers

Advances from customers represent installments collected from customers for the sale of the Group's property developments. Movement during the year is as follows:

	2010 AED'000	2009 AED'000
Balance at the beginning of the year	**1,192,381**	994,251
Amounts received during the year	**475,350**	198,130
Deposits recognized as revenue during the year	**(90,795)**	-
Balance at the end of the year	**1,576,936**	1,192,381

16 Bank borrowings

The Group has the following loans from local banks, details is as follow:

	Effective interest rate %	2010 AED'000	2009 AED'000
a) US$ 288 million bank loan	LIBOR + 0.35%	-	1,057,248
b) AED 265 million bank loan	EIBOR + 0.35%	-	264,816
c) AED 500 million bank loan	EIBOR + 0.45%	-	500,000
d) AED 300 million bank loan	EIBOR + 3.75%	-	300,000
e) AED 1000 million bank loan	EIBOR + 1.75%	**1,000,000**	-
f.) US$ 600 million loan	LIBOR + 1.35%	**2,205,000**	-
		3,205,000	2,122,064

Loans (a), (b), (c) and (d) were repaid during 2010. Loan (e) is due for repayment in November 2011 whereas Loan (f) is due for repayment in December 2013.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

16 Bank borrowings (continued)

The above loans are unsecured and for general corporate purposes in relation to the Group's various projects. Banks loans are repayable as follows:

	2010 AED'000	2009 AED'000
Within one year	**1,000,000**	1,922,064
In the second year	**-**	200,000
In the third to fifth years inclusive	**2,205,000**	-
Amount due for settlement after 12 months	**2,205,000**	200,000
Total bank loans	**3,205,000**	2,122,064

In addition, the Group entered into letters of credit and guarantee arrangements with the banking institutions. Letters of guarantee and letters of credit are issued by various financial institutions and they mainly take the form of advance payment guarantees. The letters of guarantee were issued in the normal course of business. Respective undrawn bank commitments as at 31 December 2010 and 2009 are presented below.

	2010 AED'000	2009 AED'000
Letters of guarantee	**143**	73
Letters of credit	**6,555**	8,738

17 Deferred government grants

Deferred government grants as at the year end consist of the following:

	2010 AED'000	2009 AED'000
Current portion	**84,968**	99,615
Non-current portion	**5,213,629**	4,047,118
At the end of the year	**5,298,597**	4,146,733

The current portion of deferred government grants represent the amount to be amortized within one year.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

17 Deferred government grants (continued)

Movement during the year is as follows:

	2010 **AED'000**	2009 AED'000
At the beginning of the year	**4,146,733**	1,908,962
New grants received during the year	**613,142**	1,865,821
Grants recognised on government loans at a below-market rate of interest (Note 20)	**638,337**	394,415
Amortisation during the year	**(99,615)**	(22,465)
At the end of the year	**5,298,597**	4,146,733

Deferred government grants represent cash amounts received and grants recognized on government loans to fund specific projects. The total budget of these projects is AED 15,264 million, and as of the report date, Abu Dhabi Government is committed to provide grants to finance AED 5,598 million of the development costs of these projects.

Accumulated government grants received and amortised is as follows:

	2010 **AED'000**	2009 AED'000
Government grants received	**4,389,300**	3,776,158
Grants recognized on government loans	**1,032,752**	394,415
Accumulated amortization	**(123,455)**	(23,840)
	5,298,597	4,146,733

During the year, the Group recognized in profit and loss the Abu Dhabi government contribution of AED 75 million (2009: AED 75 million) to offset the costs of managing and supervising operations on Sir Bani Yas Island.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

18 Trade and other payables

	2010 AED'000	2009 AED'000
Trade payables	**266,550**	355,912
Contractor payables	**1,363,263**	1,176,711
Retention payables	**233,035**	258,687
Provision for infrastructure costs	**256,421**	255,707
Deferred revenue	**3,267**	3,153
Accrued expenses	**164,617**	98,074
Accrued interest	**168,359**	42,924
	2,455,512	2,191,168

The average credit period on purchase of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within credit time frame.

Deferred revenue

Deferred revenue represents membership fees for Abu Dhabi Golf Club and Saadiyat Beach Golf Club received in advance.

Accrued expenses

Accrued expenses include accrued employees bonuses, leave accruals and utility accruals.

19 Non-convertible bonds and sukuk

	Corporate Bonds (a) AED'000	**Sukuk (b) AED'000**	**Total AED'000**
Face value	3,675,000	3,675,000	7,350,000
Unamortised discount	(8,952)	-	(8,952)
Unamortised issue costs	(12,871)	(8,385)	(21,256)
Carrying amount	**3,653,177**	**3,666,615**	**7,319,792**

(a) On 2 July 2009, the Group issued USD 1 billion five years non-convertible bonds under its newly established Global Medium Term Programme. The bonds are repayable on 2 July 2014, carry an annual interest rate of 6.5%, which is paid semi-annually and are not subject to restrictive financial covenants.

(b) On 21 October 2009, the Group issued USD 1 billion five-year non-convertible bonds in the form of Trust Certificates Sukuk under its newly established Trust Certificate Issuance Program. The non-convertible sukuks are structured to confirm to the principles of Islamic sharia. The certificates are due on 21 October 2014, carry an annual profit rate of 4.949%, which is paid semi-annually, and are not subject to restrictive financial covenants.

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

20 Government loans

The Group has the following government loans:

	AED 2 billion loan (a) AED'000	AED 1.6 billion loan (b) AED'000	Total AED'000
Face value	2,000,000	1,613,000	3,613,000
Discount value recognised as deferred government grants	(668,479)	(364,273)	(1,032,752)
Amortisation of discount	166,602	40,920	207,522
Carrying amount	**1,498,123**	**1,289,647**	**2,787,770**

(a) In 2009, the Group received a government loan of AED 2 billion. The loan carried an interest rate of 4% p.a. payable on a yearly basis. Principal is repayable in annual installments over 15 years, commencing following a four year holiday period. During 2010, the terms of the loan were amended to include a 4 year holiday for interest payment as well. The loan has been recognized at fair value using an effective interest rate of 6.5%. The difference between the fair value of the loan of AED 1.322 billion and the cash proceeds received of AED 2 billion (AED 668 million) has been recorded as deferred government grant (note 17) as the proceeds were to be utilized to finance the construction of depreciable assets.

(b) In 2009, the Group received an advance of AED 547,008 thousand from Abu Dhabi Government, which was recorded as other long term payable. No interest was recorded until the structured terms and conditions were finalized. During 2010, the terms and conditions were finalized and an additional amount of AED 1,065,992 thousand was received bringing the total balance to 1.613 billion. The amounts were deemed to be a loan carrying interest at 4% p.a., after a four year holiday period. Both principal and interest are then repayable in annual installments over 15 years. The loan has been recognized at fair value using an effective interest rate of 5.5%. The difference between the calculated fair value of AED 1.248 billion and the cash proceeds received of AED 1.613 billion (AED 365 million) has been recorded as deferred government grant (note 17) as the proceeds were to be utilized to finance the construction of depreciable assets.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

21 Administration expenses

	2010 **AED'000**	2009 AED'000
Payroll and employee related	**363,368**	226,545
Board of directors remuneration	**6,587**	15,287
Professional and advisory fees	**46,990**	39,430
Exhibitions	**10,498**	9,715
Pre-operating expenses	**58,106**	6,047
Advertising and marketing	**40,285**	107,730
Depreciation of property, plant and equipment	**387,463**	100,864
Office general expenses	**101,995**	50,057
Transportation/Fleet	**9,193**	6,718
Travel and entertainment	**13,647**	7,132
Rent and property management	**42,443**	48,915
Others	**117,538**	54,772
	1,198,113	673,212

22 Transaction and balances with related parties

Related parties include the Group's direct and indirect shareholders, directors, and business controlled by these parties and their families, or over which they exercise a significant influence, as well as key management personnel.

Related parties balances:

	2010 **AED'000**	2009 AED'000
Long-term receivables (Note 8)	**2,304**	2,654
Due from Abu Dhabi Government (Note 10)	**1,015,860**	1,133,043
Assets received as contributions (Note13)	**-**	87,732
Deferred government grants received (Note17)	**597,378**	1,865,821
Government loan received (Note 20)	**1,065,992**	2,000,000
Bank borrowing	**1,367,500**	1,822,064

Significant transactions with related parties during the year comprise:

	2010 **AED'000**	2009 AED'000
Short-term management benefits	**54,226**	33,041

23 Commitments and contingencies

Commitments

As at the statement of financial position date, the Group's estimated contractual commitments for capital expenditure amounted to AED 9,631 million (2009: AED 11,013 million).

Contingencies

	2010 **AED'000**	2009 AED'000
Claim against the Group	**300,000**	300,000

A claim of AED 300 million against the Group which is under arbitration was raised by a third party during 2009 in relation to compensation for the termination of land lease contact. No provision has been made for this claim as management believes that there will not be any material cash outflow resulting from this claim, if any. The Group has a potential counter claim against the third party for an amount of AED 294 million.

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

24 Finance costs

	2010 AED'000	2009 AED'000
Gross costs	**698,355**	254,619
Less: Amounts included in the cost of qualifying assets	**(167,011)**	(162,506)
	531,344	92,113
Interest on overdraft and other facilities	**49,095**	35,449
	580,439	127,562

25 Cash flow information

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	2010 AED'000	2009 AED'000
Cash and bank balances	**2,975,512**	4,371,108
Bank overdraft	**-**	(3,419)
	2,975,512	4,367,689
Less: term deposits with original maturity more than three months	**(1,000,000)**	(2,040,809)
Cash and cash equivalents	**1,975,512**	2,326,880

The Group had obtained a 200 million AED bank overdraft facility from a local bank. This bank overdraft facility carries interest at prevailing market interest rates. At 31 December 2010, the Group had AED nil outstanding on these bank overdraft facilities and AED 200 million was undrawn.

25 Cash flow information (continued)

The following significant non-cash transactions were excluded from the cash flow statement:

	2010 AED'000	2009 AED'000
Disposal of investment properties	**-**	159,463
Disposal of investment in associates	**-**	100,000
Property, plant and equipment received as other contribution	**-**	87,732
Capitalized finance cost on property, plant and equipment	**139,517**	93,460
Capitalized finance cost on investment properties	**20,350**	-
Capitalized finance cost on Development work in progress	**7,144**	69,046
Government loan benefit (Note 20)	**638,337**	394,415
Transfer of property, plant and equipment (to)/from investment properties	**(782,193)**	829,214
Transfer of property, plant and equipment from/(to) development work in progress	**3,405,365**	(663,485)
Transfer of development work in progress to investment properties	**11,424,497**	-

26 Operating lease arrangements

26. 1 The Group as lessee

Operating leases relate to lease of residential compound with lease terms of 5 years. The Group does not have an option to purchase the residential compound at the expiry of the lease periods (Note 11).

26. 2 The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms of 99 years. The lessee does not have an option to purchase the property at the expiry of the lease period (Note 6).

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

27 Financial instruments

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2009.

The capital structure of the Group consists of debt and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Gearing ratio

The Group's Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and debt. The Group has targeted a maximum gearing ratio of 1:1 determined as the proportion of debt to equity. The Group expects to increase its gearing ratio closer to the maximum through the issue of new debt.

The gearing ratio at the year/period end was as follows:

	2010 AED'000	2009 AED'000
Debt (1)	**13,312,562**	11,042,773
Equity (2)	**16,668,299**	17,823,798
Debt to equity ratio	**80%**	62%

(i) Debt is defined as long and short-term borrowings, as detailed in Note 16, 19 and 21.

(ii) Equity includes all capital and reserves of the Group.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

27 Financial instruments (continued)

Categories of financial instruments

	2010 AED'000	2009 AED'000
Financial assets		
Investment in associates	**866,945**	564,868
Loans and receivables (including cash and bank balances)	**4,452,077**	6,124,527
Total	**5,319,022**	6,689,395
Financial liabilities		
Non-convertible bonds and sukuk	**7,319,792**	7,311,705
Trade and other payables	**2,455,512**	2,191,168
Bank borrowings	**3,205,000**	2,125,483
Government loan	**2,787,770**	1,605,585
Total	**15,768,074**	13,233,941

The carrying amount reflected above represent the Group's maximum exposure to credit risk for such loans and receivables.

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments – foreign currency risk, credit risk, liquidity risk, and interest rate risk.

Foreign currency risk management

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have any significant exposure to currency risk as most of its assets are denominated in UAE Dirhams and United States Dollars (USD). The exchange rate of the UAE Dirhams is fixed to the US Dollars and therefore the risks associated therewith are considered to be insignificant.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

27 Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at floating and fixed interest rates. The Group's exposures to interest rates on financial liabilities are detailed in Notes 16 and 19.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 50 basis point increase or decrease is used to represent management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2010 would decrease/increase by AED 16 million (2009: decrease/increase by AED 10.6 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Interest rate swap contracts

	Average contracted fixed interest rate	Notional principal amount	Fair value
	2010	2010	2010
	%	AED'000	AED'000
Outstanding contracts, to receive floating	3.27	367,500	(28,005)
and pay fixed rates for 2 to 5 years	3.38	367,500	(20,968)
	3.43	323,400	(18,470)
	3.80	250,000	(8,392)
	3.89	250,000	(9,189)
		1,558,400	(85,024)

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

27 Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with high profile well known customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The amount that best represents maximum credit risk exposure on consolidated financial assets at the statement of financial position date, in the event counter parties fail to perform their obligations generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

27 Financial instruments (continued)

Liquidity risk management

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Effective Interest Rate %	Less than one year AED'000	More than one year AED'000
2010			
Non-interest bearing		**2,455,512**	**-**
Fixed interest rate	Notes 19, 20	**-**	**10,107,562**
Variable interest bearing instruments	Note 16	**1,000,000**	**2,205,000**
		3,354,963	**12,312,562**
2009			
Non-interest bearing		2,191,168	-
Fixed interest rate	Notes 19, 20	-	8,917,290
Variable interest bearing instruments	Note 16	1,925,483	200,000
		4,127,247	9,117,290

Fair value of financial assets and liabilities

Fair value represents the amount at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between book value under the historical cost method and fair value estimates.

Fair value of financial instruments carried at amortized cost

Management estimates the carrying value of their short term financial assets and liabilities approximate fair value due to the short nature of those assets and liabilities. This includes demand deposits, savings accounts without a specific maturity and variable rate financial instruments. Management estimates the carrying value of the long-term loan to approximate fair value due to the variable interest rate associated with the loan.

The fair values of all other financial liabilities are as follows:

	As at 31 December 2010	
	Carrying amount AED'000	Fair value AED'000
Corporate bonds (Note 19)	**3,533,738**	**4,031,034**
Sukuk (Note 19)	**3,666,615**	**3,845,153**
Government loan (Note 20)	**2,787,355**	**2,924,425**

Notes to the consolidated financial statements
for the year ended 31 December 2010 (continued)

27 Financial instruments (continued)

Liquidity risk management (continued)

The fair value for investments in associates (note 7) has not been disclosed because it cannot be reliably measured due to the fact that those investments are not quoted and the Group does not have information to estimate the fair value. However, there are no indications of impairment associated with the investment in associates.

Fair value measurements recognized in the statement of financial position

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to fair valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Corporation's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 fair values are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. These financial instruments have standard terms and conditions;

- Level 2 fair value measurements are derived from inputs other than quoted prices (that is, the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quote for similar instrument), and

- Level 3 are those that are derived from valuation techniques using unobservable inputs.

As at 31 December 2010, the derivative financial liabilities are grouped in Level 2, and have a fair value recorded of AED 85,024 thousand. The fair values of derivative instruments are determined by independent valuers and are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

28 Segment reporting

The Group operates in United Arab Emirates. Due to the nature of the Group, TDIC's chief operating decision-maker regularly reviews operating activity based on types of goods or services delivered or provided.

Measurement of segmental assets, liabilities, income and expenses is in accordance with the Group's accounting policies. Information provided to TDIC's chief operating decision-maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with IFRSs. Segmental income and expenses include transfers between segments and these transfers are conducted on arm's length terms and conditions. Shared costs are included in segments on the basis of the actual recharges made.

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

28 Segment reporting (continued)

For management purposes and for the chief operating decision maker to allocate recourses and assess performance, the Group is organized into the following segments:

- Property development and land sales: largely related to the development and sale of land on Saadiyat Island, the development of Sir Bani Yas Island into a tourism destination, and development of land in and surrounding the city of Abu Dhabi and throughout the emirate.
- Hospitality: provide accommodation, food and beverage services, spa and recreational facilities
- Leisure: provide sports and leisure facilities together with food and beverage outlets
- Unallocated: balances and/or income and expense items not allocated to any of the Group's business segments in the internal management reporting systems, as they are not initiated by any of the business units and represent part of the Group's routine headquarter activities

The following table shows the Group's segment analysis

Year ended 31 December 2010	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
Revenue	**207,945**	**79,606**	**59,649**	**-**	**347,200**
Direct expenses	**(177,027)**	**(39,578)**	**(33,365)**	**-**	**(249,970)**
Net profit/(loss) for the year	**(818,689)**	**117,306**	**(105,890)**	**(348,225)**	**(1,155,498)**
Finance cost	**(580,439)**	**-**	**-**	**-**	**(580,439)**
Finance income	**73,828**	**-**	**-**	**-**	**73,828**
Assets	**33,449,845**	**2,718,853**	**675,497**	**2,573,905**	**39,418,100**
Liabilities	**21,341,660**	**1,117,296**	**75,799**	**215,046**	**22,749,801**
Capital expenditures	**3,296,338**	**146,104**	**25,046**	**43,160**	**3,510,649**
Depreciation	**51,318**	**162,962**	**37,977**	**151,846**	**404,103**

Notes to the consolidated financial statements for the year ended 31 December 2010 (continued)

28 Segment reporting (continued)

Year ended 31 December 2009	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
Revenue	167,272	31,188	36,647	-	235,107
Direct expenses	(165,790)	(16,997)	(20,569)	-	(203,356)
Net profit/(loss) for the year	(288,860)	(29,668)	32,884	(265,365)	(551,009)
Finance cost	(127,562)	-	-	-	(127,562)
Finance income	107,517	-	-	-	107,517
Assets	32,611,235	2,448,771	219,148	1,734,808	37,013,962
Liabilities	17,975,553	1,103,126	20,774	90,714	19,190,167
Capital expenditures	1,745,383	312,594	20,442	2,877,105	4,955,524
Depreciation	21,920	44,056	23,183	16,247	105,406

29 Comparative figures

The consolidated statement of financial position for the prior year has been restated due to the reclassification of deferred government grant of AED 99,615 thousand to current liabilities previously included as non-current liabilities.

30 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 10 March 2011.

TOURISM DEVELOPMENT AND INVESTMENT COMPANY P.J.S.C.

Reports and consolidated financial statements for the year ended 31 December 2009

TOURISM DEVELOPMENT AND INVESTMENT COMPANY P.J.S.C.

Reports and consolidated financial statements for the year ended 31 December 2009

Report of the Directors
for the year ended 31 December 2009

The Directors have pleasure in submitting their report together with the audited consolidated financial statements of Tourism Development and Investment Company P.J.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2009.

Principal activities

The Group was formed by ADTA to expand the tourism and leisure activity business in Abu Dhabi primarily through developing and leasing investment properties and acquiring, developing and operating real estate projects in the United Arab Emirate – Abu Dhabi.

Results

Revenue for the year was AED 235,107 thousand (2008: AED 435,575 thousand).
Net loss for the year was AED 551,009 thousand (2008: AED 368,580 thousand).

Release

The Directors release from liability the management and the external auditors in connection with their duties for the year ended 31 December 2009.

Auditors

Deloitte & Touche are eligible to be re-appointed as auditors for the year ended 31 December 2010 and have expressed their willingness to be re-appointed.

On behalf of the Directors

Director

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tourism Development and
Investment Company P.J.S.C.
Abu Dhabi, UAE

Report on the consolidated financial statements

We have audited the consolidated financial statements of Tourism Development and Investment Company P.J.S.C. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Also, in our opinion, proper books of account are maintained by the Company, and the financial information included in the Board of Directors' report is in agreement with the books of account. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) or the Articles of Association of the Company which might have a material effect on the financial position of the Company or on the results of its operations for the year.

Deloitte & Touche

17 June 2010

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Consolidated statement of financial position
at 31 December 2009

	Notes	2009 AED' 000	2008 AED' 000
ASSETS			
Non-current assets			
Property, plant and equipment	5	10,023,261	5,017,099
Investment properties	6	1,312,600	2,295,299
Investments in associates	7	564,868	672,412
Long-term receivables	8	2,654	3,004
Total non-current assets		11,903,383	7,987,814
Current assets			
Development work-in-progress	9	18,668,826	16,833,516
Inventories		4,419	2,008
Trade and other receivables	10	1,912,882	603,377
Prepayments	11	153,344	26,035
Bank balances and cash	12	4,371,108	920,342
Total current assets		25,110,579	18,385,278
Total assets		37,013,962	26,373,092
EQUITY AND LIABILITIES			
Equity			
Share capital	13	100,000	100,000
Increase in capital	13	18,184,743	18,184,743
Other contributions	13	462,644	374,912
Statuary reserve	13	124	124
Accumulated losses		(923,714)	(372,705)
Total equity		17,823,797	18,287,074
Non-current liabilities			
Derivative liability	27	59,398	77,050
Provision for end-of-service benefits	14	10,704	7,480
Advances from customers	15	1,192,381	994,251
Bank borrowings – long-term	16	200,000	1,822,064
Non-convertible bonds and sukuk	19	7,311,705	-
Other long-term payables	20	547,008	-
Government loan	21	1,605,585	-
Deferred government grants	17	4,146,733	1,908,962
Total non-current liabilities		15,073,514	4,809,807
Current liabilities			
Trade and other payables	18	2,191,168	2,235,335
Bank borrowings – short-term	16	1,922,064	1,000,000
Bank overdrafts	26	3,419	40,876
Total current liabilities		4,116,651	3,276,211
Total liabilities		19,190,165	8,086,018
Total equity and liabilities		37,013,962	26,373,092

.... Chairman

.... Chief Executive Officer

.... Finance Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2009

	Notes	2009 AED' 000	2008 AED' 000
Revenues		**235,107**	435,575
Direct expenses		**(203,356)**	(468,273)
Gross profit/(loss)		**31,751**	(32,698)
Abu Dhabi Government contribution	17	**75,000**	75,000
Deferred government grant amortisation	17	**22,465**	1,375
Share of losses of associates	7	**(7,544)**	-
Administrative expenses	22	**(673,212)**	(339,060)
Management fees		**(2,102)**	(1,363)
Gain/(loss) on revaluation of derivative instruments	27	**17,652**	(77,050)
Finance costs	25	**(127,562)**	(17,976)
Finance income		**107,517**	22,930
Gain/(loss) on sale of property, plant and equipment		**(765)**	(313)
Other income		**5,791**	575
Net loss for the year		**(551,009)**	(368,580)
Total comprehensive loss for the year		**(551,009)**	(368,580)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2009

	Share capital AED' 000	Increase in capital AED' 000	Other contributions AED' 000	Statutory reserve AED' 000	Accumulated losses AED' 000	Total AED' 000
Balance at 1 January 2008	100,000	17,125,064	374,912	124	(4,125)	17,595,975
Net loss for the year	-	-	-	-	(368,580)	(368,580)
Increase in capital	-	1,059,679	-	-	-	1,059,679
Balance at 31 December 2008	**100,000**	**18,184,743**	**374,912**	**124**	**(372,705)**	**18,287,074**
Balance at 1 January 2009	100,000	18,184,743	374,912	124	(372,705)	18,287,074
Net loss for the year	-	-	-	-	(551,009)	(551,009)
Other contributions (Note 13)	-	-	87,732	-	-	87,732
Balance at 31 December 2009	**100,000**	**18,184,743**	**462,644**	**124**	**(923,714)**	**17,823,797**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2009

	2009 AED'000	2008 AED'000
Operating activities		
Net loss for the year	(551,009)	(368,580)
Adjustments for:		
Depreciation for property, plant and equipment	105,406	27,341
Provision for end of service benefits	5,404	4,372
Provision for doubtful receivables	-	1,472
Unrealized loss on derivative instruments	(17,652)	77,050
Finance cost recognized in statement comprehensive of income	127,562	17,976
Interest income recognized in statement of comprehensive income	(107,517)	(22,930)
Loss/(gain) from sale of property, plant and equipments	765	(313)
Government grant recognised in profit or loss	(22,465)	(1,375)
Share of loss of associates	7,544	-
Operating cash flow before movements in working capital	(451,962)	(264,987)
Increase in development work-in-progress	(1,102,779)	(2,319,861)
(Increase)/decrease in inventory	(2,411)	29
Increase in trade and other receivables	(995,513)	(324,293)
Decrease in long-term receivables	350	362
Increase in prepayments	(127,309)	(15,322)
Increase in advances from customers	198,130	697,349
(Decrease)/increase in trade and other payables	(87,082)	1,801,747
Cash used in operations	(2,568,576)	(424,976)
Finance cost paid	(247,153)	(68,288)
End of service benefits paid	(2,180)	(1,206)
Net cash used in operating activities	(2,817,909)	(494,470)
Investing activities		
Term deposits	(2,040,809)	-
Payments for property plant and equipment	(4,774,332)	(2,441,745)
Proceeds from disposal of property, plant and equipment	8,920	936
Payments for investments properties	(5,978)	
Investments in associates	-	(100,060)
Interest received	52,988	22,371
Net cash used in investing activities	(6,759,211)	(2,518,498)
Financing activities		
Bank borrowing repaid	(1,000,000)	-
Bank borrowing obtained	300,000	1,000,000
Proceeds from issuance of debt	7,311,705	-
Government advances	547,008	-
Government loan obtained	2,000,000	-
Government grants obtained	1,865,821	1,763,337
Net cash from financing activities	11,024,534	2,763,337
Net increase/(decrease) in cash and cash equivalents	1,447,414	(249,631)
Cash and cash equivalents at beginning of year	879,466	1,129,097
Cash and cash equivalents at end of year (note 26)	2,326,880	879,466

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2009

1 General

Background information

On 25 October 2005, Tourism Development and Investment Company PJSC (the "Company") registered and incorporated as a public joint stock company in the Emirate of Abu Dhabi, United Arab Emirates under the UAE Commercial Companies Law No. (8) of 1984 (as amended) and in accordance with Abu Dhabi law No. 12 of 2005. The Company is wholly owned subsidiary of Abu Dhabi Tourism Authority (ADTA) (the "Owner"), which is wholly owned by the Abu Dhabi Government.

The Abu Dhabi government and ADTA provide the Company financing for its operations in the form of capital contributions of assets and through grants of assets and cash. The accounting for these items is described in detail in Notes 13 and 17.

The address of the Company's registered office is P.O Box 126888, Abu Dhabi, United Arab Emirates. UAE is non taxable jurisdiction and there are no operations in any taxable jurisdictions.

Principal business activities

The Company was formed by ADTA to expand the tourism and leisure activity business in Abu Dhabi primarily through developing and leasing investment properties, and acquiring, developing and operating real estate projects in the United Arab Emirates - Abu Dhabi.

The Company and its subsidiaries (the "Group") are managed in three segments including property development and land sales, hospitality and leisure.

The Group's property development and land sales are related largely to the development and sale of land located on Saadiyat Island. The Group obtained this land from ADTA through capital contribution. Saadiyat Island will be developed around seven distinctive districts comprised primarily of hotels, commercial, retail, leisure, cultural and civic facilities. Saadiyat Island will also offer many desirable residential properties. During 2008, the Group entered in sale and purchase agreements to sell four plots of land and all risk and rewards have transferred to the buyer.

The Group's property development also includes the development of Sir Bani Yas Island into a tourism destination through increased hotels and amenities. Current plans include a golf course, a marina, a dive center and additional hotel and lodging facilities. Sir Bani Yas Island land is owned by the Government and the Group has an agreement to develop on the island. Any developments on the Island are owned by the Group.

The Group's property development activities also include major projects throughout the rest of the emirate. Most are focused on constructing assets that will be valuable tourism and hospitality assets in the future.

The Group's primary leisure activities relate to the Abu Dhabi Golf Club property (the "Abu Dhabi Golf Club"). The Abu Dhabi Golf Club offers sports and leisure facilities together with food and beverage outlets. The Abu Dhabi Golf Club is operated by Troon Golf Suisse Sarl ("Troon") under a management agreement which expires on 31 December 2013. The Group pays Troon a management fee as stipulated by the management agreement.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

1 General (continued)

Principal business activities (continued)

The Group also manages leisure facilities and activities on Sir Baniyas Island including management of wildlife, conservation of habitat, and tourist activities including game viewing drives, mountain biking and kayaking.

The Group's hospitality segment currently consists of nine operational lodging facilities: Desert Islands Resort & Spa, Qasr Al Sarab Desert Resort, and six Rest Houses. They are located on Sir Bani Yas Island, in the Liwa Desert Empty Quarter, and throughout the Abu Dhabi emirate, respectively.

The principle activities of Desert Islands Resort & Spa (the "Hotel") are to provide accommodation, restaurant services and sports facilities in the Emirate of Abu Dhabi. The Hotel is managed by Lodging Management Labuan Limited (Anantara). The Operating and Management Agreement dated 20 July 2007 is for a period of 10 years renewable for a further period of 10 years. The Hotel commenced its operations on 1 October 2008.

The principal activities of Qasr Al Sarab (the "Hotel") are to provide accommodation, restaurant services and sport facilities in the Emirate of Abu Dhabi. The Hotel is managed by Loding Management Labuan Limited (Anantara). The Operating and Management Agreement dated 20 July 2007 is for a period of 10 years renewable for a further period of 10 years. The Hotel commenced its operations on 22 October 2009.

The principle activities of the Rest Houses are to provide accommodation, restaurant services, recreation and sports facilities in the Emirate of Abu Dhabi. The Rest Houses are managed by National Corporation for Tourism and Hotels (NCTH). the Operating and Management Agreement dated 1 July 2000 is for a period of 3 years renewable for a further period of 3 years. NCTH continued to manage the Rest Houses in 2009.

2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 Standards affecting presentation and disclosure

The following new and revised Standards have been adopted in the current period in these financial statements. Details of other Standards and Interpretations adopted but that have had no effect on the financial statements are set out in section 2.2.

- IAS 1 (as revised in 2007) *Presentation of Financial Statements*

  IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

- *Improving disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)*

  The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

2 Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

• IFRS 8 *Operating Segments*	IFRS 8 is a disclosure Standard that requires re-designation of the Group's reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance. There was no material impact of this Standard on the previous disclosures and reported results or the financial position of the Group since the business segments reported earlier as per the requirements of IAS 14 *Segment Reporting* are also used by the General Manager to allocate resources to the segments and to assess its performance.
• Amendments to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
• IAS 23 (as revised in 2007) *Borrowing Costs*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.
• Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
• IFRIC 13 *Customer Loyalty Programmes*	The Interpretation provides guidance on how entities should account for customer loyalty programmes by allocating revenue on sale to possible future award attached to the sale.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

2 Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Standards and Interpretations adopted with no effect on the financial statements (continued)

• IFRIC 15 *Agreements for the Construction of Real Estate*	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognised.
• IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
• IFRIC 18 *Transfers of Assets from Customers* (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 *Revenue*.
• Improvements to IFRSs (2008)	Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from the May and October 2008 *Annual Improvements to IFRSs* majority of which are effective for annual periods beginning on or after 1 January 2009.

2.3 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and amendments to Standards:	**Effective for annual periods beginning on or after**
• IFRS 1 (revised) *First time Adoption of IFRS* and IAS 27 (revised) *Consolidated and Separate Financial Statements* – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
• IFRS 3 (revised) *Business Combinations* – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) *Consolidated and Separate Financial Statements*, IAS 28 (revised) *Investments in Associates* and IAS 31 (revised) *Interests in Joint Ventures*	1 July 2009

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

2 Adoption of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.3 Standards and Interpretations in issue not yet effective (continued)

New Standards and amendments to Standards: (continued)	Effective for annual periods beginning on or after
• IAS 39 (revised) *Financial Instruments: Recognition and Measurement* – Amendments relating to Eligible Hedged Items(such as hedging Inflation risk and Hedging with options)	1 July 2009
• IFRS 1 (revised) *First time Adoption of IFRS* – Amendment on additional exemptions for First-time Adopters	1 January 2010
• IFRS 2 (revised) *Share-based payment* – Amendment relating to Group cash-settled Share-based payments	1 January 2010
• IAS 32 (revised) *Financial Instruments: Presentation* – Amendments relating to classification of Rights Issue	1 February 2010
• IAS 24 *Related Party Disclosures* – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	1 January 2011
• IFRS 9 Financial Instruments: *Classification and Measurement* (intended as complete replacement for IAS 39 and IFRS 7)	1 January 2013
• Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38 and IAS 39 resulting from April 2009 *Annual Improvements to IFRSs.*	Majority effective for annual periods beginning on or after 1 January 2010
New Interpretations and amendments to Interpretations:	
• IFRIC 17: *Distributions of Non-cash Assets to Owners*	1 July 2009
• IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
• Amendment to IFRIC 14: *IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction*	1 January 2011
• Amendment to IFRIC 16: *Hedges of a Net Investment in a Foreign Operation*	1 July 2009
• Amendment to IFRIC 9 (revised): *Reassessment of Embedded Derivatives* relating to assessment of embedded derivatives in case of reclassification of a financial asset out of the 'FVTPL' category	1 July 2009

Management anticipates that these amendments will be adopted in the Group's financial statements for the period beginning 1 January 2010. The Management have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are recorded at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Details of the Company's subsidiaries at 31 December 2009 are as follows:

Name of subsidiary	Ownership interest	Country of incorporation	Principal activity
Desert Islands L.L.C	100%	UAE	Real estate development
Qasr Al Sarab L.L.C.*	100%	UAE	Real estate development
TDIC Finance Limited*	100%	Cayman Islands	Financing activities
TDIC Sukuk Limited*	100%	Cayman Islands	Financing activities

* Newly incorporated entities by the Group during the year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Investment in an associate

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where the Group transacts with an associate, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in the consolidated statement of comprehensive income as follows:

<u>Sale of properties</u>

Revenue from the sale of properties is recognised when equitable interest in a property vests in a buyer and all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rental income</u>

Lease income from operating leases is recognised on a straight-line basis over the lease term.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Hotels and Rest Houses

Hotels and Rest Houses revenue represents total amounts invoiced to customers and guests during the year excluding service charges, as and where applicable, plus unbilled guest ledger totals at the reporting date. Revenue is stated net of rebates and allowances.

Leisure services - Abu Dhabi Golf Club

Revenue represents the value of services provided by the Club during the year, net of rebates and allowances. Revenue is recognized as services are performed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. The costs of property, plant and equipment is their purchase cost, together with any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of property, plant and equipment over their useful lives using the straight line method on the following basis:

Buildings	5 to 20 years
Furniture, fixtures and office equipment	3 to 5 years
Machinery, tools and equipment	5 to 10 years
Transportation assets	2 to 5 years
Aircraft	12 to 20 years

The Group does not depreciate land or fine art. In addition, capital work-in-process is recorded at cost until completion and then transferred to the appropriate asset category and depreciated over its useful life.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of comprehensive income.

Capital work-in-progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to bringing the assets to the location and condition necessary for the asset to operate in the manner intended, including related staff costs, design, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

Inventories

Inventories consist of food, beverage and consumables and are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted-average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Investment property

Investment property, which is property held to earn rentals, for undetermined future use, and/or for capital appreciation, is measured at its cost, including transaction costs. The cost of assets granted to the Group by the government are recorded at nominal value (as described in Note 6 and 13).

Depreciation is recorded to income so as to write off the cost of a property over its estimated useful life, using the straight-line method. No depreciation is recorded for land.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Development work-in-progress

Development work-in-progress consists of property on Saadiyat Island that is being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including staff costs. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses.

Impairment of long-lived tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its long-lived tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a recoverable and consistent basis of allocation can be identified, the corporate assets are also allocated to individual cash-generating units for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leases. All other leases are classified as operating leases. As of year end, all lease agreements entered by the Group were classified as operating leases.

<u>The Group as lessor</u>

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3 Summary of significant accounting policies (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates, being its functional currency.

For the purposes of these consolidated financial statements, the results and financial position of each group company are expressed in U.A.E Dirhams (AED), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in currencies other than each group company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the consolidated statement of comprehensive income in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign subsidiaries are expressed in UAE Dirhams using exchange rates prevailing at the reporting period date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period which they are incurred.

Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. This type of grant is available to various companies both owned and not owned by the Government. The Government grants received to date consist primarily of three types of grants:

- Non-monetary government grants: The Government grants to the Group undeveloped land in areas of the country where significant investment is required to derive value from the land. This land is recorded at nominal value, which approximates the value prior to development, where there is reasonable assurance that the asset will be received and the Group will comply with any attached conditions, where applicable.
- Cash grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets: These grants are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.
- Cash grants to fund the operating costs associated with Sir Bani Yas Island: These grants are recognised as income on a systematic basis over the periods necessary to match them with the costs for which they are intended to compensate.

In addition, the Government provides other grants as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs. These grants are recognised in profit or loss in the period in which they become receivable.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Employee benefits

Provision is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for the full amount of end-of-service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. This provision is calculated as 21 days remuneration for each year of the first five years of service and 30 days remuneration for additional year service. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Retirement and Pension Benefits Fund, calculated in accordance with Government regulations. Such contributions are charged to the statement of comprehensive income during the employees' period of service.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at contract date, and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair values of the derivatives are carried out by independent valuers by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.

Changes in the fair value of derivative financial instruments are recorded directly to income unless they are designated as hedge for accounting purposes. Derivative financial instruments that are not accounted for as hedge for accounting purposes are recognized at fair value through the profit and loss. The Group did not designate any of its financial instruments as accounting hedges.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Financial assets

The Group has the following financial assets: Bank and cash balances, Investment in Associates and trade and other receivables. These financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Bank and cash balances are comprised of cash and balances with banks in current accounts or term deposits which mature within three months of the date of placement.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

3 Summary of significant accounting policies (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4 Critical accounting judgements and key sources of estimation of uncertainty

While applying the accounting policies as stated in note 3, management of the Group has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimate made by management are summarised as follows:

4 Critical accounting judgements and key sources of estimation of uncertainty (continued)

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations described below, that the management have made in the process of applying the Group's accounting polices and have the most significant effect on the amounts recognised in the financial statements.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property plant and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property plant and equipment and land held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by management.

Key sources of estimation

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives of property, plant and equipment

The Group's property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives which are based on management's business plans and operations estimates related to those assets. The factors that could affect that estimation of the useful lives and residual values include the following:

- Changes in asset utilsation rates
- Changes in maintenance technology
- Changes in regulations and legislations; and
- Unforeseen operational issues.

Any of the above could affect prospective depreciation of property, plant and equipment and their carrying and residual values. Management periodically reviews the appropriateness of assets' useful economic lives. This review is based on current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

4 Critical accounting judgements and key sources of estimation of uncertainty

Critical judgements in applying accounting policies (continued)

Impairment assessment of long lived tangible assets

Long-lived tangible assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. This requires the Group to make judgements regarding long-term forecasts of future revenues and costs related to the assets subject to review. In turn, these forecasts are uncertain in that they require assumptions about demand for properties and future market conditions. Significant and unanticipated changes to these assumptions and estimates included within the impairment reviews could result in significantly different results that those recorded in the consolidated financial statements.

Allowances for doubtful debts

Management has estimated the recoverability of accounts receivable and has considered the allowance required for doubtful debts. Management has estimated for the allowance for doubtful debts on the basis of prior experience and the current economic environment. Estimating the amount of the allowance for doubtful accounts requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, consideration of current economic trends and conditions and debtor-specific factors, all of which may be susceptible to significant change. A provision for bad debt is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for bad debt could be required that could adversely affect earnings or financial position in future periods.

Provision for infrastructure construction

The Group has an obligation under the terms of its sale and purchase agreements to develop the infrastructure of the sold land. Infrastructure cost is deemed to form part of the cost of revenue and is based on management estimate of the future budgeted costs to be incurred in relation to the project including, but are not limited to, future subcontractor costs, estimated labor costs, and planned other material costs. The Group estimated the provision for infrastructure cost related to the sold plots of land by dividing the total estimates infrastructure cost by the total Gross Floor Area (GFA) and multiplied the cost per GFA by the GFA of the sold land.The provision for infrastructure costs requires the Group's management to revise its estimate of such costs on a regular basis in light of current market prices for inclusion as part of the cost of revenue.

Impairment of development work-in-progress

Properties classified under development work-in-progress are assessed for impairment based on assessed cash flows on individual cash-generating units when there is indication that those assets have suffered an impairment loss. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash-generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

4 Critical accounting judgements and key sources of estimation of uncertainty (continued)

Key sources of estimation (continued)

Impairment of investments in associates

Management regularly reviews its investments in associates for indicators of impairment. This determination of whether investments in joint ventures and associates are impaired, entails Management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss. Management is satisfied that no impairment provision is necessary on its investments in associates.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. The discounted cash flow model requires numerous estimates and assumptions regarding the forward rates. Due to its subjective nature, these estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

5 Property, plant and equipment

	Land AED'000	Building AED'000	Furniture, fixtures and office quipment AED'000	Machinery, tools and equipment AED'000	Transportation assets AED'000	Aircrafts AED'000	Capital work in progress AED'000	Total AED'000
Cost								
1 January 2008	2,036,507	30,893	6,095	17,306	5,149	-	269,357	2,365,307
Additions	249,703	4,689	14,044	3,348	15,141	15,910	2,388,613	2,691,448
Disposals	-	-	(974)	-	-	-	-	(974)
Transfer	-	431,633	34,178	1,611	1,855	-	(469,277)	-
1 January 2009	2,286,210	467,215	53,343	22,265	22,145	15,910	2,188,693	5,055,781
Additions	87,732	3,208	22,501	6,669	21,702	-	4,813,712	4,955,524
Disposals	-	(1,363)	(267)	-	(10,567)	-	-	(12,197)
Transfer from investment properties (Note 6)	829,214	-	-	-	-	-	-	829,214
Transfer to development work-in-progress (Note 9)	- (663,485)	-	-	-	-	-		(663,485)
Transfer	-	1,127,380	638,761	18,523	5,852	-	(1,790,516)	-
31 December 2009	**2,539,671**	**1,596,440**	**714,338**	**47,457**	**39,132**	**15,910**	**5,211,889**	**10,164,837**

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

5 Property, plant and equipment (continued)

	Land AED'000	Buildings AED'000	Furniture, fixtures and office equipment AED'000	Machinery, tools and equipment AED'000	Transportation assets AED'000	Aircrafts AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation								
1 January 2008	-	3,449	2,051	4,920	1,272	-	-	11,692
Charge for the year	-	13,696	7,985	3,252	2,299	109	-	27,341
Disposals	-	-	(351)	-	-	-	-	(351)
1 January 2009	-	17,145	9,685	8,172	3,571	109	-	38,682
Charge for the year	-	53,450	39,601	6,327	4,970	1,058	-	105,406
Disposals	-	(770)	(121)	-	(1,621)	-	-	(2,512)
31 December 2009	-	**69,825**	**49,165**	**14,499**	**6,920**	**1,167**	-	**141,576**
Carrying amount								
31 December 2009	**2,539,671**	**1,526,615**	**665,173**	**32,958**	**32,212**	**14,743**	**5,211,889**	**10,023,261**
31 December 2008	2,286,210	450,070	43,658	14,093	18,574	15,801	2,188,693	5,017,099

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

5 Property, plant and equipment (continued)

During 2009, the Group capitalised bank borrowing interest and financing costs on qualified assets amounting to AED 93,460 thousand (2008: AED 733 thousand).

During 2009 and 2008, the Group received the following plots of land as capital contribution from ADTA (Note 13):

	2009 AED'000	2008 AED'000
Increase in capital:		
UAE Military Museum	-	150,000
Khalifa Park – Temporary Offices	-	99,703
Other contributions:		
Marina Al Bateen	**87,732**	-
	87,732	249,703

During the year, the Group received one plot of land as capital contribution of AED 87.7 million (note 13).

During 2008, the construction of Desert Islands Resort & Spa Hotel was completed and transferred from the capital work-in-progress to the appropriate property and equipment category.

During the year, the construction of Qasr Al Sarab Desert Resort was completed and transferred from the capital work-in-progress to the appropriate property and equipment category.

During the year, the Group transferred the following plots of land from land held for undetermined use under investment properties to property, plant and equipment:

	2009 AED'000	2008 AED'000
Al Ain land	**660,000**	-
Staff Accommodation – Mafraq	**169,214**	-
	829,214	-

During the year, transfer to development work-in-progress represent transferred land to development work-in-progress as per the Group's revised business plan.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

6 Investment properties

Movement during the year is as follows:

	Land AED'000	Investment properties under development AED'000	Total AED'000
Balance at 1 January 2008	1,485,323	-	1,485,323
Investment properties received as increase in capital	809,976	-	809,976
Balance at 1 January 2009	2,295,299	-	2,295,299
Additions	-	5,978	5,978
Transfer to property, plant and equipment (Note 5)	(829,214)	-	(829,214)
Disposal	(159,463)	-	(159,463)
Balance at 31 December 2009	**1,306,622**	**5,978**	**1,312,600**

Investment properties comprise the following:

	2009 AED'000	2008 AED'000
Land held for rent	**644,491**	430,165
Held for a currently undetermined future use	**668,109**	1,865,134
	1,312,600	2,295,299

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

6 Investment properties (continued)

Land held for rent

The Group entered into lease agreements with third parties under which the third parties will develop these plots. Details of these plots of land including infrastructure are as follows:

	2009 AED'000	2008 AED'000
Zayed Sports City	**84,937**	84,937
Lagoon Club	-	159,463
Khalidiya Hotel	**76,865**	76,865
Staff Accommodation – Mafraq	**373,789**	-
Marina Al Bateen	**108,900**	108,900
	644,491	430,165

The fair value of the Zayed Sports City, Khalidiya Hotel, and Marina Al Bateen land on the date of contribution has been calculated based upon the discounted cash flow projections based on reliable estimates of future cash flows, supported by the existing lease contracts and using a discount rate of 15% per annum. No rental income has been recognised as the rental income is due from the date of the completion of the projects being developed on these plots as per the lease agreement and includes an element of both fixed and contingent rental payments. The contingent rentals included in the computation are based on a percentage of operating revenue of the hotel developed on the land.

Upon change in use, the Group transferred Staff Accommodation – Mafraq from land held for undetermined use to property and equipment (Note 5) and to land held for rent under investment properties.

During the year, the Group disposed of the Lagoon Club to the Government of Abu Dhabi at cost. The related receivable has been recorded under trade and other receivables (Note 10); this transaction has not resulted in any gain or loss on disposal.

Land held for a currently undetermined future use

The Group has the following plots of land in different locations as held for currently undetermined future use:

	2009 AED'000	2008 AED'000
Al Ain land	-	660,000
Island City	**77,298**	77,298
Tourist Club land	**424,989**	424,989
Mafraq land	-	537,025
Abu Dhabi Art Boulevard	**157,006**	157,006
Mafraq & Mirfa land	**8,816**	8,816
	668,109	1,865,134

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

6 Investment properties (continued)

During 2008, the group received three plots of land as government grant located in the western region of Abu Dhabi United Arab Emirate and recorded at nominal value of one Dirham, these plots are held for currently undetermined future use.

7 Investments in associates

Details of the Group's associates as at 31 December are as follows:

Name of associate	Principal activities	Place of incorporation and operation	Ownership interest
Parc Hospitality Investment L.L.C	Hospitality and Investment	UAE	20%
Qaryat Al Beri Resort Development Co L.L.C.	Hospitality	UAE	20%
Emirates Pearl Hotel L.L.C	Hospitality	UAE	20%
B2B Properties LLC	Hospitality	UAE	20%

Movement in investment in associates during the year is as follow:

	2009 AED'000	2008 AED'000
At the beginning of the year	**672,412**	572,352
Acquisition of investment in associates	**-**	100,060
Sale of investment in associates	**(100,000)**	-
Share of loss of associates	**(7,544)**	-
At the end of the year	**564,868**	672,412

During the year, the Group disposed of its investments in Abu Dhabi Finance P.J.S.C. (an associate) at cost of AED 100 million, the related receivables has been recorded under trade and other receivables (Note 10), this transaction has not resulted in any gain or loss on disposal.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

7 Investments in associates (continued)

Details of the Group's associates at the statement of financial position date are as follows:

	2009 AED'000	2008 AED'000
Total assets	**2,385,812**	3,443,760
Total liabilities	**2,203,171**	2,942,560
Net assets	**182,641**	501,200
Group's share of net assets	**36,528**	100,240
Contribution of land	**572,172**	572,172
	608,640	672,412

The associates did not have significant operations as most of them are still under development.

Contribution of land for investment in associates

The Group entered into agreements with third parties to develop hotels on plots of land owned by the Group. The Group and the third parties have established companies to own the hotels in which the Group will own 20% interest in these companies. The value of this contribution will be equal to 25% of the development cost of the hotels being developed on these plots.

8 Long-term receivables

	2009 AED'000	2008 AED'000
Loans to key management personnel	**2,654**	3,004
	2,654	3,004

The Group has provided its key management personnel long-term loans at zero interest rate for personal reasons. These loans are repayable in ten years and are deducted on a monthly basis.

Notes to the consolidated financial statements for the year ended 31 December 2009 (continued)

9 Development work-in-progress

Development work-in-progress represents the value of Saadiyat Island, received as increase in capital, in addition to the development work-in-progress. The fair value of land determined on the basis of evaluation carried by a chartered surveyor that is considered an industry specialist in land valuation and not connected to the Group.

	Land AED'000	Development work in progress AED'000	Total AED'000
Balance at 1 January 2008	12,964,384	1,489,137	14,453,521
Additions	-	2,563,530	2,563,530
Cost of land sold	(144,430)	(39,105)	(183,535)
Balance at 1 January 2009	12,819,954	4,013,562	16,833,516
Additions	-	1,171,825	1,171,825
Transfers from property, plant and equipment (Note 5)	663,485	-	663,485
Balance at 31 December 2009	**13,483,439**	**5,185,387**	**18,668,826**

Addition to capital and development work-in-progress includes capitalised borrowing cost of AED 69,046 thousand (2008: AED 60,134 thousand).

10 Trade and other receivables

	2009 AED'000	2008 AED'000
Trade receivables	**53,670**	77,581
Less: allowance for doubtful debts	**(105)**	(1,472)
	53,565	76,109
Advances to contractors	**641,935**	516,974
Due from Abu Dhabi government	**1,133,043**	-
Accrued interest	**54,529**	559
Other receivables	**29,810**	9,735
	1,912,882	603,377

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

10 Trade and other receivables (continued)

The average credit period on the sale of goods or services is 60 days. No interest is charged on trade receivables. Trade receivables over 60 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Before accepting any new customer the Group assesses the potential credit quality of the customer. As at the year/period end, there were no past due trade receivables.

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Considering prevailing market conditions, the Group has mutually agreed with some of its customers to revise the terms of its receivables. Included in the Group's trade receivables are customer balances with a carrying amount of AED 37,758 thousand which are past due at the end of the reporting date for which no allowance has been provided for as there was no significant change in the credit quality of the customers and the amounts are still considered recoverable.

Due from Abu Dhabi Government

Due from Abu Dhabi Government comprises of the following:

	2009 **AED'000**	2008 AED'000
Refundable costs	**825,328**	-
Receivables on sale of land (Note 6)	**159,463**	-
Receivables on disposal of an associate (Note 7)	**100,000**	-
Others	**48,252**	-
	1,133,043	-

Refundable costs represent costs incurred on behalf of the Government of Abu Dhabi in relation to the development of certain projects.

11 Prepayments

	2009 **AED'000**	2008 AED'000
Prepaid rent	**102,114**	12,364
Prepaid insurance	**3,492**	1,169
Prepaid bank loan fees	**20,758**	6,067
Prepaid marketing expenses	**2,607**	5,774
Others	**24,373**	661
	153,344	26,035

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

11 Prepayments (continued)

Prepaid rent includes prepaid lease payments of AED 95,472 thousand. During 2009 the Group entered into a five year lease agreement for a residential compound to be used as management staff accommodation, commencing February 2009 for a total amount of AED 245,238 thousand. Terms consist of two payments, one of AED 140,472 thousand, paid during the six months ended 30 June 2009, and a second of AED 104,766 thousand that falls due on February 2012.

12 Bank balances and cash

	2009 **AED'000**	2008 AED'000
Cash at hand	**474**	178
Cash at banks:		
Current accounts	**191,170**	19,747
Term deposits	**4,179,464**	900,417
	4,371,108	920,342

Term deposits represent deposits placed at local banks denominated in AED, have original maturities of less than one year and have effective interest rates of 2.90% to 5.45% for the year ended 31 December 2009.

13 Shareholder's Equity

Share capital

The authorised and paid up share capital of the Group is 10 million shares at AED 10 each.

Increase in capital

The increase in capital resulted from the contribution of land and property, plant and equipment by ADTA. Unlike the government grants of land, assets, and cash, these assets have an immediate value to the Group, are available for the Group to use based on its own discretion without any specific requirements, are in populated and extremely valuable areas of Abu Dhabi and are contributed by ADTA instead of through the government grant process. The assets contributed as capital are recorded at fair value as at the contribution date. The contributions to date consist of the following:

	2009 **AED'000**	2008 AED'000
Land received - Saadiyat Island	**12,964,384**	12,964,384
Land received - Investment property	**2,858,655**	2,858,655
Property, plant and equipment	**2,361,704**	2,361,704
	18,184,743	18,184,743

The Group is currently in the process of registering the capital increase with the concerned authorities.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

13 Shareholder's Equity (continued)

Other contributions

Other contributions represent additional contributions from the Group's shareholders.

Movement of other contributions during the year is as follow:

	2009 **AED'000**	2008 AED'000
At the beginning of the year	**374,912**	374,912
Addition (Note 5)	**87,732**	-
At the end of the year	**462,644**	374,912

Statutory reserve

In accordance with the Articles of Association of the Group, and in line with the provisions of the UAE Federal Commercial Companies Law No.(8) of 1984 (as amended) the Group is required to transfer annually to a legal reserve account an amount equal to 10% of its net profit, until such reserve equals 50% of the paid-up capital of the Company. This reserve is not available for distribution.

14 Provision for end-of-service benefits

	2009 **AED'000**	2008 AED'000
Balance at the beginning of the year	**7,480**	4,314
Charged during the year	**5,404**	4,372
Paid during the year	**(2,180)**	(1,206)
Balance at the end of the year	10,704	7,480

15 Advances from customers

Advances from customers represent installments collected from customers for the sale of the Group's property developments.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

16 Bank borrowings

The Group has the following loans from local banks, details is as follow:

	Effective interest rate %	2009 AED'000	2008 AED'000
a) US$ 288 million bank loan	LIBOR + 0.35%	**1,057,248**	1,057,248
b) AED 265 million bank loan	EIBOR + 0.35%	**264,816**	264,816
c) AED 500 million bank loan	EIBOR + 0.45%	**500,000**	500,000
d) AED 300 million bank loan	EIBOR + 3.75%	**300,000**	-
e) AED 1000 million bank loan	EIBOR + 3%	**-**	1,000,000
		2,122,064	2,822,064

Loans (a), (b) and (c) are due for repayment after three years from the execution date; interest is due on a quarterly basis. Loan (d) is due in three equal installments during the first, second and third years of execution. Loan (e) was repaid during December 2009.

The above loans are unsecured and for general corporate purposes in relation to the Group's various projects. Banks loans are repayable as follow:

	2009 AED'000	2008 AED'000
Within one year	**1,922,064**	1,000,000
In the second year	**200,000**	1,822,064
In the third to fifth years inclusive	**-**	-
Amount due for settlement after 12 months	**200,000**	1,822,064
Total bank loans	**2,122,064**	2,822,064

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

17 Deferred government grants

Details of deferred government grants are as follows:

	2009 AED'000	2008 AED'000
Desert Islands Resort & Spa	**137,932**	108,625
Marina Al Bateen	**115,000**	115,000
Sir Bani Yas Island infrastructure development	**184,194**	92,194
Qasr Al Sarab Desert Resort	**828,794**	75,888
Saadiyat Expressway Project	**2,880,813**	1,517,255
	4,146,733	1,908,962

These deferred grants represent cash amounts received to fund specific projects as described below:

Sir Bani Yas Island infrastructure development project represents the development of the island landscaping, coastal protection, utilities, and other infrastructure. The total budget for the project is AED 12,159 million, Abu Dhabi Government is committed to provide grants to finance AED 736 million of the development to be paid over eight years. As at 31 December 2009 AED 184,194 thousand was received.

Desert Islands Resort & Spa (DIRS) project represents the development of DIRS located on Sir Bani Yas Island. The total cost of the project was AED 425 million. Abu Dhabi Government is committed to provide grants to finance AED 110 million of the total development. As at 31 December 2009, the full amount was received. Additionally, an amount of AED 45 M was allocated to the project from Government loan benefit (note 21) and an amount of AED 15M was recognised in the profit and loss representing the portion amortised during the year.

Marina Al Bateen project represents the development of Al Bateen fishermen's area which includes a leisure fisherman's marina, parking facilities, fisherman community centre and other facilities. The total budget of the project is AED 921 million. Abu Dhabi Government is committed to provide an amount of AED 115 million towards the development costs. As at 31 December 2009 thetotal amount was received.

Qasr Al Sarab Desert Resort (QAS) represents a five star luxury desert resort located in the Liwa Desert Empty Quarter. The total current budget for the project is AED 1,750 million; Abu Dhabi Government is committed to provide an amount of AED 485 million towards the total development costs. As at 31 December 2009, full amount was received. Additionally, an amount of AED 350M was allocated to the project from Government loan benefit (note 21) and an amount of AED 7M was recongised in the profit or loss representing the portion amortised during the year.

Saadiyat Expressway Project represents one of the major infrastructure projects related to Saadiyat Island. The total current budget for the project is AED 3,369 million; Abu Dhabi Government is committed to contribute an amount of AED 2,880 million. As at 31 December 2009 the total amount was received.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

17 Deferred government grants (continued)

The Group recognizes the government grants in profit and loss over the useful life of the related project. During 2009, the Group recognized an amount of AED 22,465 thousand in profit or loss.

In addition to these amounts, in accordance with the provision of resolution No. 7 of the Executive Council of the Emirate of Abu Dhabi dated 6 August 2006 and starting from 1 July 2006, the Group will receive an annual government subsidy to offset costs of managing and supervising of development operations on Sir Bani Yas Island equal to AED 50 million for the first six months and AED 75 million thereafter for each of the next 5 years.

18 Trade and other payables

	2009	2008
	AED'000	AED'000
Trade payables	**355,912**	305,980
Contractor payables	**1,176,711**	1,329,885
Retention payables	**258,687**	244,701
Provision for infrastructure costs	**255,707**	270,439
Deferred revenue	**3,153**	4,153
Accrued expenses	**98,074**	24,154
Accrued interest	**42,924**	10,555
Due to Abu Dhabi Government	**-**	45,468
	2,191,168	2,235,335

The average credit period on purchase of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within credit time frame.

Deferred revenue

Deferred revenue represents the membership fee of Abu Dhabi Golf Club received in advance.

Due to Abu Dhabi Government

Due to Abu Dhabi Government represents advances received from Abu Dhabi Government to execute certain projects on behalf of the Abu Dhabi Government.

Accrued expenses

Accrued expenses include accrued employees bonuses and leave accruals.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

19 Non-convertible bonds and sukuk

	Corporate Bonds (a) AED'000	Sukuk (b) AED'000	Total AED'000
Face value	3,675,000	3,675,000	7,350,000
Unamortised discount	(11,157)	-	(11,157)
Unamortised issue costs	(16,548)	(10,590)	(27,138)
Carrying amount	**3,647,295**	**3,664,410**	**7,311,705**

(a) On 2 July 2009, the Group issued USD 1 billion five years non-convertible bonds under its newly established Global Medium Term Programme. The bonds are repayable on 2 July 2014, carry an annual interest rate of 6.5%, which is paid semi-annually and are not subject to restrictive financial covenants.

(b) On 21 October 2009, the Group issued USD 1 billion five-year non-convertible bonds in the form of Trust Certificates Sukuk under its newly established Trust Certificate Issuance Program. The non-convertible sukuks are structured to confirm to the principles of Islamic sharia. The certificates are due on 21 October 2014, carry an annual profit rate of 4.949%, which is paid semi-annually and are not subject to restrictive financial covenants.

20 Other long-term payables

During 2009, the Group received advances of AED 547,008 thousand from Abu Dhabi Government to finance the Group's operations. This debt is not repayable within 12 months on the basis of communication between the Group and Abu Dhabi Government. The terms and conditions including the maturity date and the interest rate are not finalised and, as a result, this debt is interest-free until such time that the rates are set.

21 Government loan

During the year, the Group received a government loan of AED 2 billion. The loan carries interest at 4% p.a. Interest is payable on a yearly bases. Principal is repayable over 15 years after a holiday period of 4 years. The loan has been recognized at fair value using effective interest rate of 6.5%. difference between the fair value of the loan of AED 1.605 billion and the proceed received of 2 billion (AED 395 million) was recognized as deferred government grant (Note 17) as the proceeds were utilize to finance depreciable assets.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

22 Administrative expenses

	2009 AED'000	2008 AED'000
Payroll and employee related	**226,545**	175,189
Board of directors remuneration	**15,287**	-
Professional and advisory fees	**39,430**	18,531
Exhibitions	**9,715**	14,731
Advertising and marketing	**107,730**	45,412
Depreciation of property, plant and equipment	**100,864**	25,052
Office general expenses	**50,057**	14,729
Transportation/Fleet	**6,718**	2,860
Travel and entertainment	**7,132**	6,109
Rent and property management	**48,915**	-
Other	**60,819**	36,447
	673,212	339,060

23 Related party transactions

Related parties include the Group's direct and indirect shareholders, directors, and business controlled by these parties and their families, or over which they exercise a significant influence, as well as key management personnel.

Significant transactions with related parties during the year comprise:

	2009 AED'000	2008 AED'000
Short-term management benefits	**33,041**	36,722
Assets received as contributions (Note13)	**87,732**	1,059,679
Deferred government grants received (Note17)	**1,865,821**	1,761,962
Government loan received (Note 21)	**2,000,000**	-

Amount due from/to related parties including amount due from Abu Dhabi Government is disclosed in notes 10 and 18.

The Group also received plots of land as government grants (Note 6).

Notes to the consolidated financial statements for the year ended 31 December 2009 (continued)

24 Commitments and contingencies

Commitments

As at the statement of financial position date, the Group's estimated contractual commitments for capital expenditure amounted to AED 11,013 million (2008: AED 4,804 million).

Contingencies

	2009 AED'000	2008 AED'000
Letters of guarantee	73	73
Letters of credit	8,738	-
Claim against the Group	300,000	-

Letters of guarantee and letters of credit are issued by various financial institutions and they mainly take the form of advance payment guarantees. The above letters of guarantee were issued in the normal course of business.

A claim against the Group which is under arbitration was raised by a third party during the year of AED 300 million in relation to compensation for the termination of land lease contact. No provision has been made for this claim as management believes that there will not be any material cash outflow resulting from this claim, if any. The Group has a potential counter claim against the third party for an amount of AED 484 million.

25 Finance costs

	2009 AED'000	2008 AED'000
Gross costs	254,619	74,639
Less: Amounts included in the cost of qualifying assets	(162,506)	(60,867)
	92,113	13,772
Interest on overdraft and other facilities	35,449	4,204
	127,562	17,976

Notes to the consolidated financial statements for the year ended 31 December 2009 (continued)

26 Cash flow information

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	2009 AED'000	2008 AED'000
Bank balances and cash	**4,371,108**	920,342
Bank overdraft	**(3,419)**	(40,876)
	4,367,689	879,466
Less: term deposits with original maturity more than three months	**(2,040,809)**	-
Cash and cash equivalents	**2,326,880**	879,466

The Group had obtained a 400 million AED bank overdraft facility from a local bank. This bank overdraft facility carries interest at prevailing market interest rates. At 31 December 2009, the Group had AED 3.4 million outstanding on these bank overdraft facilities and AED 396.6 million was undrawn.

The following significant non-cash transactions were excluded from the cash flow statement:

	2009 AED'000	2008 AED'000
Property, plant and equipment received as capital contribution	-	249,703
Investment property received as capital contribution	-	809,976
Disposed of investment properties	**159,463**	-
Disposed of investment in associates	**100,000**	-
Property, plant and equipment received as other contribution	**87,732**	-
Capitalised finance cost on property, plant and equipment	**93,460**	733
Capitalised finance cost on Development work in progress	**69,046**	60,134
Government loan benefit (Note 21)	**394,415**	-

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

27 Financial instruments

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of debt and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Gearing ratio

The Group's Board of Directors reviews the capital structure on a regular basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and debt. The Group has targeted a maximum gearing ratio of 1:1 determined as the proportion of debt to equity. The Group expects to increase its gearing ratio closer to through the issue of new debt.

The gearing ratio at the year/period end was as follows:

	2009	2008
	AED'000	AED'000
Debt (1)	**11,042,773**	2,862,940
Equity (2)	**17,823,798**	18,287,074
Debt to equity ratio	**62%**	16%

(i) Debt is defined as long and short-term borrowings, as detailed in Note 16, 19 and 21.

(ii) Equity includes all capital and reserves of the Group.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

27 Financial instruments (continued)

Categories of financial instruments

	2009 AED'000	2008 AED'000
Financial assets		
Investment in associates	**564,868**	672,412
Loans and receivables (including cash and cash equivalent)	**6,297,241**	1,526,723
Total	**6,862,109**	2,199,133
Financial liabilities		
Non-convertible bonds and sukuk	**7,311,705**	-
Trade and other payables	**2,201,764**	2,235,335
Bank borrowings	**2,125,483**	2,862,940
Government loan	**1,605,585**	-
Total	**13,244,537**	5,098,275

The carrying amount reflected above represent the Group's maximum exposure to credit risk for such loans and receivables.

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments- credit risk, liquidity risk, and interest rate risk.

Foreign currency risk management

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have any significant exposure to currency risk as most of its assets are denominated in UAE Dirhams and United States Dollars (USD). The exchange rate of the UAE Dirhams is fixed to the US Dollars and therefore the risks associated therewith are considered to be insignificant.

Notes to the consolidated financial statements for the year ended 31 December 2009 (continued)

27 Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at floating and fixed interest rates. The Group's exposures to interest rates on financial liabilities are detailed in Notes 16 and 19.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 50 basis point increase or decrease is used to represent management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2009 would decrease/increase by AED 10.6 million (2008: decrease/increase by AED 14.3 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Interest rate swap contracts

	Average contracted fixed interest rate	Notional principal amount	Fair value
	2009	2009	2009
	%	AED'000	AED'000
Outstanding contracts, to receive floating and pay fixed rates for 2 to 5 years	3.27	367,500	(17,911)
	3.38	367,500	(16,177)
	3.43	323,400	(14,707)
	3.80	250,000	(5,385)
	3.89	250,000	(5,218)
		1,558,400	(59,398)

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

27 Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with high profile well known customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

Concentration of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The amount that best represents maximum credit risk exposure on consolidated financial assets at the statement of financial position date, in the event counter parties fail to perform their obligations generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

27 Financial instruments (continued)

Liquidity risk management

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Effective Interest Rate %	Less than one year AED'000	More than one year AED'000
2009			
Non-interest bearing		2,201,764	-
Fixed Interest rate	Notes 19, 21	-	8,917,290
Variable interest bearing instruments	Note 16	1,925,483	200,000
		4,127,247	**9,117,290**
2008			
Non-interest bearing		2,235,335	-
Variable interest bearing instruments	Note 16	1,040,876	1,822,064
		3,276,211	1,822,064

Fair value of financial assets and liabilities

Fair value represents the amount at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between book value under the historical cost method and fair value estimates.

Fair value of financial instruments carried at amortised cost

Management estimates the carrying value of their short term financial assets and liabilities approximate fair value due to the short nature of those assets and liabilities. This includes demand deposits, savings accounts without a specific maturity and variable rate financial instruments. Management estimates the carrying value of the long term loan to approximate fair value due to the variable interest rate associated with the loan.

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

27 Financial instruments (continued)

The fair values of all other financial liabilities are as follows:

	As at 31 December 2009	
	Carrying amount AED'000	Fair value AED'000
Corporate bonds (Note 19)	3,647,295	3,831,188
Sukuk (Note 19)	3,664,410	3,638,250
Government loan (Note 21)	1,605,585	1,827,717

The fair value for investments in associates (note 7) has not been disclosed because it cannot be reliably measured due to the fact that those investments are not quoted and the Group does not have information to estimate the fair value. However, there are no indications of impairment associated with the investment in associates.

Fair value measurements recognized in the statement of financial position

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to fair valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Corporation's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 fair values are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. These financial instrument have standard terms and conditions;
- Level 2 fair value measurements are derived from inputs other than quoted prices (that is, the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quote for similar instrument), and
- Level 3 are those that are derived from valuation techniques using unobservable inputs.

As at 31 December 2009, the derivative financial liabilities are grouped in Level 2, and have a fair value recorded of AED 59.3 million. The fair values of derivative instruments are determined by independent valuers and are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

28 Segment reporting

For management purposes and for the chief operating decision maker to allocate recourses and assess performance, the Group is organised into three segments – property development and land sales, hospitality and leisure. The Group operated in United Arab Emirates.

The following table shows the Group's segment analysis

Year ended 31 December 2009	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
Revenue	167,272	31,188	36,647	-	235,107
Direct expenses	(165,790)	(16,997)	(20,569)	-	(203,356)
Net profit/(loss) for the year	(288,860)	(29,668)	32,884	(265,365)	(551,009)
Finance cost	(127,562)	-	-	-	(127,562)
Finance income	107,517	-	-	-	107,517
Assets	32,611,235	2,448,771	219,148	1,734,808	37,013,962
Liabilities	17,975,553	1,103,126	20,774	90,714	19,190,167
Capital expenditures	1,745,383	312,594	20,442	2,877,105	4,955,524
Depreciation	21,920	44,056	23,183	16,247	105,406
Year ended 31 December 2008					
Revenue	397,027	8,062	30,486	-	435,575
Direct expenses	(453,975)	(779)	(13,519)	-	(468,273)
Net profit/(loss) for the year	(383,660)	(4,871)	28,627	(8,676)	(368,580)
Finance cost	(17,976)	-	-	-	(17,976)
Finance income	22,930	-	-	-	22,930
Assets	25,750,176	411,410	86,492	125,014	26,373,092
Liabilities	7,932,374	3,992	139,573	10,079	8,086,018
Capital expenditures	1,959,313	395,052	59,788	27,593	2,441,746
Depreciation	5,920	6,575	7,038	7,808	27,341

Notes to the consolidated financial statements
for the year ended 31 December 2009 (continued)

29 Comparative figures

The consolidated statement of comprehensive income for the prior year has been restated due to the reclassification of deferred government grant amortization of AED 1,375 thousand previously included in other income.

30 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 17 June 2010.

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Artist's rendering of the Zayed National Museum

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