IMPORTANT NOTICE

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

IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the prospectus. In accessing the prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer, the Guarantor, the Arrangers and Dealers (each as defined in the 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 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 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 DOCUMENT 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 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 prospectus is being sent at your request and by accepting the e-mail and accessing this prospectus, you shall be deemed to have represented to us, the Issuer, the Guarantor, 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 prospectus; and (4) you consent to delivery of such prospectus by electronic transmission.

You are reminded that this prospectus has been delivered to you on the basis that you are a person into whose possession this 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 prospectus to any other person.

This prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the 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 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, the Guarantor, the Arrangers and 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 prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Guarantor, the Arrangers and 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.

PROSPECTUS

TDIC FINANCE LIMITED

(an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law (2007 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 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 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 10.

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 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 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 Market 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.

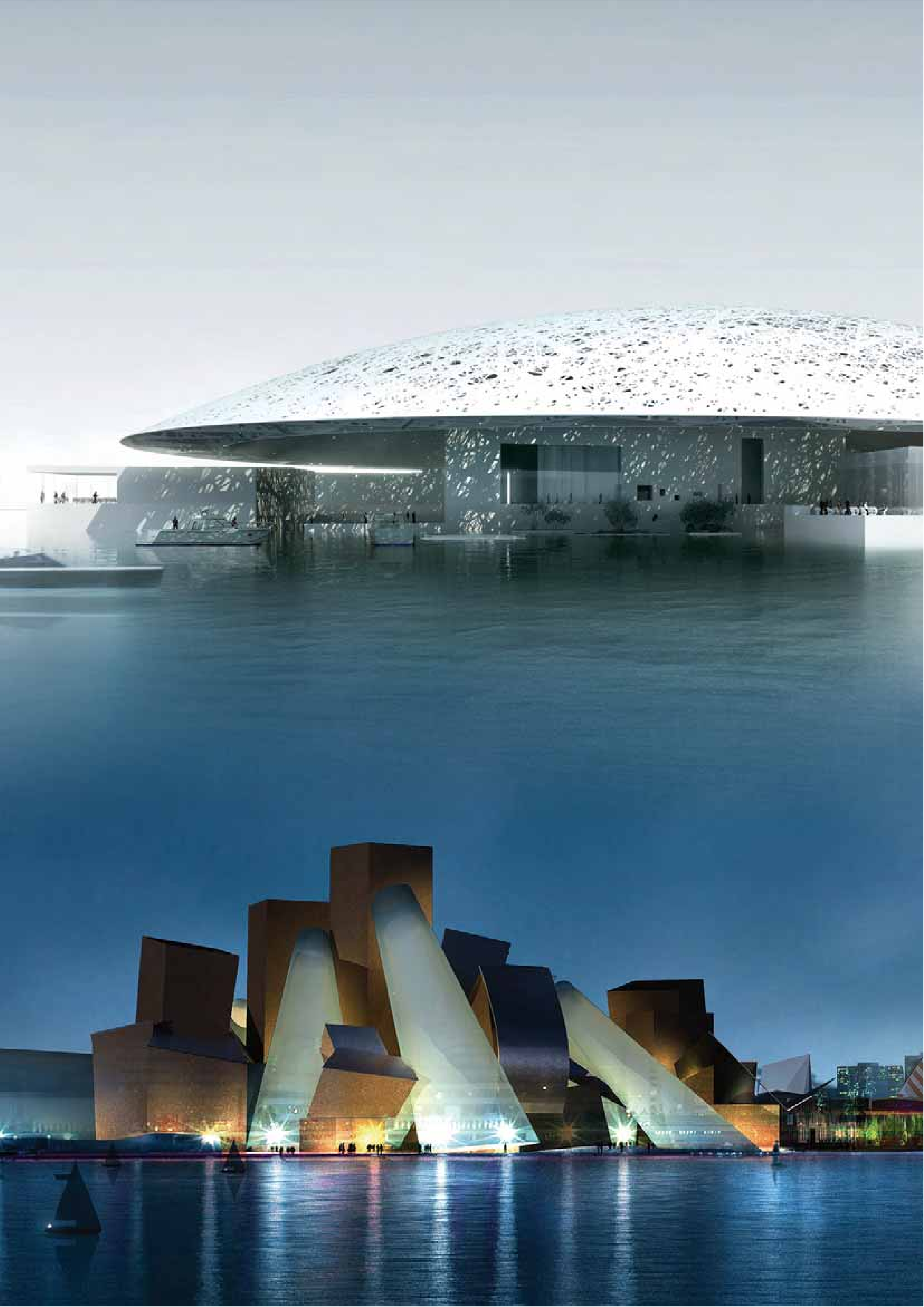
Arrangers and Dealers

BNP PARIBAS **Citi** **HSBC** **Standard Chartered Bank**

Dealers

Abu Dhabi Commercial Bank **National Bank of Abu Dhabi**

The date of this Prospectus is 24 June 2009



This 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, and 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 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 heading "*Book Entry Clearance Systems*" has been extracted from information provided by the clearing systems referred to therein. 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 clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Arrangers and Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arrangers or Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or TDIC in connection with the Programme.

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

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 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 or such other information as is in the public domain 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 or Dealers.

To the fullest extent permitted by law, none of the Arrangers nor the Dealers accept any responsibility for the contents of this 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. 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 Prospectus or any such statement. Neither this 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 or any of the Arrangers or Dealers that any recipient of this 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 this Prospectus, any Final Terms nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or TDIC or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this 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 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 and Dealers 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.

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 United States 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.

This 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 Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, TDIC, the Arrangers and the Dealers do not represent that this 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 Arrangers or the Dealers which is intended to permit a public offering of any Notes or distribution of this 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 Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this 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 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 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 €50,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This 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 and for the resale of the Notes in the United States. 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 Prospectus does not constitute an offer to any person in the United States other than any "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 Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any other person within the United States other than any 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, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

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. The Notes and the Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

None of the Dealers, the Arrangers, the Issuer or TDIC makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor 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

Registered Notes may be offered or sold within the United States 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.

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*".

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.

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 a corporation organised under the laws of the Cayman Islands. All or a substantial portion of the assets of the Issuer are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Cayman Islands upon the Issuer, or to enforce judgments against it obtained in courts outside the Cayman Islands predicated upon civil liabilities of the Issuer under laws other than the laws of the Cayman Islands, including any judgment predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

TDIC is a corporation organised under the laws of the United Arab Emirates. All or a substantial portion of the assets of TDIC are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the United Arab Emirates upon TDIC, or to enforce judgments against it obtained in courts outside the United Arab Emirates predicated upon civil liabilities of TDIC under laws other than United Arab Emirates law, including any judgment predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

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 Related to the Market Generally – 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 Abu Dhabi 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 Abu Dhabi. 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 Related to the Market Generally – Investors may experience difficulties in enforcing arbitration awards and foreign judgments in Abu Dhabi*".

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 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 Prospectus. Each potential investor resident in 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.

NOTICE TO STATE OF QATAR RESIDENTS

This 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 will not be offered to investors domiciled or resident 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 (the "Commercial Companies Law") or otherwise under any laws of the State of Qatar.

KINGDOM OF SAUDI ARABIA NOTICE

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of 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 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Issuer is a newly established company in the Cayman Islands and accordingly no financial statements for any period have been prepared in respect of the Issuer.

TDIC prepared its consolidated annual financial statements as at 31 December 2006 and for the period from 25 October 2005 to 31 December 2006 (the "**fourteen-month period ended 31 December 2006 Financial Statements**") and as at and for the financial years ended 31 December 2007 and 2008 (the "**2007-2008 Financial Statements**" and, together with the fourteen-month period ended 31 December 2006 Financial Statements, the "**Year-End Financial Statements**"), in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

TDIC has prepared its unaudited condensed consolidated financial statements as at 31 March 2009 and for the three-month periods ended 31 March 2009 and 2008 in accordance with International Accounting Standard No. 34, Interim Financial Reporting (IAS 34) (the "**Interim Financial Statements**" and, together with the Year-End Financial Statements, the "**Financial Statements**").

In addition, TDIC's Interim Financial Statements are included in this Prospectus. TDIC adopted IAS 1 Revised, "Presentation of Financial Statements" on 1 January 2009. As a result of the adoption of these standards, TDIC's Interim Financial Statements differ from TDIC's Year-End Financial Statements as follows:

- the balance sheet has been renamed a statement of financial position and a statement of other comprehensive income has been added to the financial statements; and

- additional information in relation to TDIC's reportable segments has been recorded.

TDIC began its operations in October 2005. Therefore, the fourteen-month period ended 31 December 2006 Financial Statements include its results of operations since its inception on 25 October 2005 through 31 December 2006. TDIC's financial year ends on 31 December.

References in this Prospectus to the "**financial year ended 31 December 2006**" are to the fourteen-month period from 25 October 2005 through 31 December 2006. References in this Prospectus to the "**financial year ended 31 December 2008**" and the "**financial year ended 31 December 2007**" are to the 12 month period ended on 31 December of such year.

Presentation of Statistical Information

The statistical information in this Prospectus has been derived from a number of different identified sources. Certain information under the heading "*Overview of the U.A.E. and Abu Dhabi*" has been extracted from information provided by The International Monetary Fund, The Organisation of the Petroleum Exporting Countries ("**OPEC**"), The U.A.E. Central Bank, Abu Dhabi National Oil Company ("**ADNOC**"), the U.A.E. Ministry of Economy and the Abu Dhabi Department of Planning and Economy. In addition, certain information under the heading "*Overview of the U.A.E. and Abu Dhabi – Recent Developments in the Abu Dhabi Real Estate Market*" has been derived from research published by DTZ Holdings Plc and Jones Lang LaSalle.

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

The data set out in this Prospectus relating to Abu Dhabi's gross domestic product ("**GDP**") for 2008 is preliminary and subject to change. In addition, GDP data for 2007 is not final and may be subject to revision in future periods and certain other historical statistical data set out in this Prospectus may be subject to future adjustment.

Certain Defined Terms and Conventions

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

- references to "**Abu Dhabi**" herein are to the Emirate of Abu Dhabi;

- references to the "**U.A.E.**" herein are to the United Arab Emirates; and

- references to the "**Government**" herein are to the government of Abu Dhabi.

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

All references in this Prospectus to "**U.S. dollars**", "**U.S.$**" and "**$**" refer to United States dollars being the legal currency for the time being of the United States of America, all references to "**euro**" and "**€**" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty Establishing 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 United Arab Emirates 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 a billion are to a thousand million.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This 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 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 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*". Forward-looking statements speak only as at the date of this Prospectus and TDIC expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this 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.

SUPPLEMENTS

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and TDIC and approved by the U.K. Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuer and TDIC will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

CONTENTS

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 applicable 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 30 days after the issue date of the relevant Tranche of Notes and 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

The following overview of TDIC does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

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 and residential projects that enhance Abu Dhabi's high-end tourism market. This strategy is detailed in the Government's Policy Agenda 2007-2008 (the "**Policy Agenda**"), Economic Vision 2030 (the "**2030 Economic Vision**") and Plan Abu Dhabi 2030 – Urban Structure Framework Plan (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 the Abu Dhabi Tourism Authority ("**ADTA**"), a Government authority that is TDIC's sole shareholder. See "*The Abu Dhabi Government's Development Strategy*", "*Relationship with the Government*" and "*Shareholder and Related Party Transactions – Sole Shareholder of TDIC*".

TDIC is currently master developing over 55 projects with, as at 31 March 2009, an estimated consolidated total capital cost of over AED 124 billion. These projects can be grouped into the following three key areas:

- **Saadiyat Island** 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 Island 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 Island is designed to include various museums, including the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi museum; a performing arts centre; two golf courses; several marinas; approximately 492,000 square metres of retail space; approximately 30 hotels; approximately 2,500 villas and town houses; and approximately 48,000 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 Island is designed to house approximately 150,000 residents, is expected to be substantially completed around 2020 and, as at 31 March 2009, represented approximately 74 per cent. of TDIC's budgeted capital costs. See "*Business Description of TDIC – Overview of Significant Projects – Saadiyat Island*".

- **The Desert Islands** are a grouping of seven 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 11 resorts and spas (consisting of 1,444 rooms), 528 branded residential villas, a golf course, 666 villas and apartments, two palaces, 22,000 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 project is expected to be completed in 2015 and, as at 31 March 2009, represented approximately 13 per cent. of TDIC's budgeted capital costs. See "*Business Description of TDIC – Overview of Significant Projects – The Desert Islands*".

- **Other Projects in Abu Dhabi** currently under development include: (i) Qasr Al Sarab; (ii) Angsana Resort and Spa Eastern Mangroves; (iii) Abu Dhabi Golf Resort; (iv) TDIC and ADTA Headquarters; (v) Hodariyat Crossing; and (vi) Qasr Al Ain Hotel. As at 31 March 2009, these other projects represented approximately 13 per cent. of TDIC's budgeted capital costs. See "*Business Description of TDIC – Overview of Significant Projects – Other Projects*".

TDIC's Relationship with the Government

TDIC was formed 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 Island 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 implementing 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. See "*Material Contracts – Museum Contracts – Louvre Abu Dhabi Museum – L'Etablissement Public du Musée du Louvre*".

TDIC receives a significant amount of Government contributions to support its operations. From inception to 31 March 2009, Government contributions consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100.0 million and contributions of land and other assets of AED 18.6 billion) and monetary grants of AED 4.4 billion. In the future, TDIC expects to receive significant financial support from the Government.

All of TDIC's directors serve in prominent positions in the Government and/or as officers and directors of entities that are wholly-owned by the Government or the government of the U.A.E. TDIC's Chairman, H.H. Sheikh Sultan bin Tahnoon al Nahyan, is also the Chairman of ADTA and a member of the Executive Council of Abu Dhabi, which is the principal executive authority below the Ruler and the Crown Prince. TDIC's directors serve as officers or directors of, amongst others, the Abu Dhabi Investment Authority ("**ADIA**"), Abu Dhabi Environment Agency ("**ADEA**"), Abu Dhabi Economic Council ("**EDEC**"), the Abu Dhabi Urban Planning Council (the "**Urban Planning Council**"), the Emirates Telecommunications Corporation ("**Etisalat**"), Etihad Airways, Abu Dhabi National Exhibition Centre ("**ADNEC**"), the Abu Dhabi Water and Electricity Authority ("**ADWEA**"), the Supervision Committee of the

Expansion of the Abu Dhabi International Airport and Gulf Air. In addition, one of TDIC's directors has been appointed as the General Manager of the Municipality of Abu Dhabi. See "*Management – Members of the Board of Directors*".

Strategies

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

Enhance TDIC's position as the Government's trusted partner for development projects

TDIC was established by the Government in October 2005 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 Island and the Desert Islands, and may receive additional Government mandates as development in Abu Dhabi progresses. In particular, the Government has envisaged the development of Saadiyat Island for many years and has determined that TDIC is the appropriate body to manage its development.

Through a focus on execution excellence, TDIC works to meet the Government's expectations with respect to those projects that TDIC has been awarded in order to achieve excellence and demonstrate TDIC's skills in both master developing and general project execution. TDIC continues to look for opportunities to enhance its overall relationship with the Government by reinforcing its role as an essential component and trusted partner in the realisation of the Government's vision.

Successfully execute 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 its execution. TDIC is currently master developing over 55 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 with the goal of establishing them as world-class attractions that further establish Abu Dhabi as a premier international tourist destination. TDIC 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, and thereby serve as a means to promote international dialogue and multicultural understanding and ultimately ensure TDIC's success.

Continue to build execution capacity and enhance TDIC's team through strategic growth

Whilst TDIC has significant internal resources and plans to maintain its streamlined and flexible structure in the future, TDIC is nevertheless growing quickly due to the fact that it has continually taken on additional projects throughout its history. Accordingly, as TDIC continues to execute additional projects from its existing pipeline of projects, TDIC 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 opportunistically 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.

Continue 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 that its affiliates, including the Government, 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. Furthermore, TDIC believes that its relationships with internationally recognised partners such as the Guggenheim, the Louvre, Gary Player, St. Regis, Westin, Troon Golf, Angsana, Gehry Partners LLP, Foster + Partners Ltd. and Ateliers Jean Nouvel provide it with excellent additional execution and operational capacity and that such relationships enhance TDIC's credibility throughout the U.A.E., the Gulf region and internationally. In addition, in connection with TDIC's development of the Louvre Abu Dhabi museum, TDIC is implementing 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.

TDIC takes a detailed interest in its strategic relationships and, therefore, whenever TDIC forms an association or contractual agreement, TDIC 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 TDIC's overall master developments. TDIC believes that through finding and developing strong partners in and from 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.

Risk Factors

The material risks associated with the business 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, United Arab Emirates. 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 Prospectus.

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 Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable 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 supplemental 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 (2007 Revision) of the Cayman Islands on 11 June 2009 with registration number 227113. 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*".
Guarantor:	TDIC is a Public Joint Stock Company incorporated under the laws of the United Arab Emirates on 25 October 2005 and established under Law No. 12 of 2005, having its registered office at P.O. Box 126888, Abu Dhabi, United Arab Emirates. 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*".
Description:	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, Citigroup Global Markets Limited, HSBC Bank plc and Standard Chartered Bank.
Dealers:	Abu Dhabi Commercial Bank P.J.S.C., BNP Paribas, Citigroup Global Markets Limited, HSBC Bank plc, National Bank of Abu Dhabi P.J.S.C. and Standard Chartered Bank 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 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.
Registrar, Paying Agent 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**", the Unrestricted Global Note Certificates and the Restricted Global Note Certificates, together being 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 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 €50,000 (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 applicable Final Terms, the minimum denomination of each Note which may be purchased by a QIB pursuant to Rule 144A will be U.S.$100,000 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 relevant 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.
Clearing Systems:	In the case of Global Bearer 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 relevant Final Terms. In the case of Global Note Certificates, (i) Euroclear and Clearstream, Luxembourg; (ii) DTC; and/or (iii) as agreed between the Issuer, TDIC (if applicable) and the relevant Dealer(s), as specified in the relevant 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 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 relevant 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 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 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 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 relevant 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 relevant Final Terms and a supplementary prospectus (if applicable).
Redemption Amount:	The relevant 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 relevant 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 relevant 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 relevant 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 *(Redemption, Purchase and Options – Redemption at the Option of the 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 (*Redemption, Purchase and Options*).
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 (*Events of 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 United Arab Emirates 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 applicable 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 applicable Final Terms, employee benefit plans subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), "plans" subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, and any entity whose underlying assets include the assets of any such employee benefit plan or plan, 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 applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the 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, 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*".
United States Selling Restrictions:	Regulation S, Category 2. Rule 144A and Section 4(2) (if so specified in the applicable Final Terms). TEFRA C, TEFRA D or TEFRA not applicable as specified in the applicable Final Terms.

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 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 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 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 primarily finance its commercial projects through internally generated cash flow and commercial borrowings, historically TDIC has relied substantially on Government monetary grants to meet its funding requirements for 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. For more information on the financial support TDIC receives from the Government, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Financial Support from the Government*". From inception to 31 March 2009, TDIC received AED 4.4 billion of Government monetary grants. In addition, since 31 March 2009, TDIC has received further Government financial support in the form of an AED 547.0 million loan and an AED 359.0 million monetary grant.

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. Furthermore, the Government is not guaranteeing any of TDIC's obligations in respect of the Notes and the Noteholders therefore 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 and results of operations could be materially adversely affected and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

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

Although TDIC is recognised in the Policy Agenda 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, the Government could: (i) alter the scope of the Policy Agenda; or (ii) 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, among 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*". 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 ability to perform its obligations in respect of any Notes.

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, including, most recently, AED 16 billion in capital injections to five major banks in Abu Dhabi. 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 ability to perform its obligations in respect of any Notes.

The interests of ADTA, TDIC's sole shareholder, may, in certain circumstances, be different from 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 – Management of TDIC – Board of Directors*". As a Governmental 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 be different from 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.

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, 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.

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 Island encompasses an area of approximately 27 square kilometres and Sir Bani Yas Island encompasses an area of approximately 80 square kilometres) and require long-term development commitments (Saadiyat Island, 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 progress 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 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 Island. 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.

TDIC is subject to a range of development and construction risks

TDIC currently has over 55 projects under master 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; and
- fluctuations in occupancy rates at newly completed development projects due to a number of factors, including market and economic conditions that may result in TDIC's investment not being profitable.

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.

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 subcontractors either at the commencement of a project or following a default by an appointed contractor;
- default or failure by its contractors or subcontractors to finish projects or parts of projects on time 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, labour disputes, disputes with 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 have a material adverse effect on TDIC's business, financial condition, results of operations and cash flows.

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 which could have a material adverse effect on TDIC's business, financial condition and results of operations.

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.

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, Abu Dhabi Finance Company P.J.S.C. ("**Abu Dhabi Finance Company**") (TDIC's entire shareholding of which is expected to be transferred to Mubadala Development Company P.J.S.C ("**Mubadala**")), B2B Hotels & Properties LLC, Emirates Pearl for Development and 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.

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 IFRS, TDIC values its investment property, property, plant and equipment and property-related assets at cost, including related transaction costs. Under the cost method, these properties and property-related assets are carried on its books at cost. For properties 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 therefore, for example land reclamation).

Because TDIC carries its properties using the cost method, TDIC is not able 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. In addition, as has been witnessed in the last several years, property values, especially in the U.A.E. can be extremely volatile and TDIC cannot assure investors that its projects and properties will not significantly drop in value from period to period. Accordingly, no assurance can be made that the valuations of TDIC's property and property-related assets and the value of such as reflected in TDIC's financial statements reflects any actual market value or achievable sale prices. Significant differences between the book value of TDIC's properties and property-related assets and actual market values or potential sales prices could have a material adverse effect on TDIC's business, financial condition and results of operations.

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.

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 properties in Abu Dhabi, such as Aldar Properties P.J.S.C ("**Aldar**") or Mubadala, when TDIC's hotels, retail and residential properties 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. 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. The loss of any member of TDIC's senior management team, and in particular TDIC's Chief Executive Officer, or any of TDIC's other key employees may result in: (i) a loss of organisational focus; (ii) poor execution of operations and TDIC's corporate strategy; and (iii) an inability to identify and execute potential strategic initiatives such as expansion of capacity. These adverse results could, among other things, reduce potential revenue, prevent TDIC from diversifying its business lines and expose TDIC to downturns in the markets in which it operates, all of which could adversely affect 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 Angsana Resort and Spa Eastern Mangroves, 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, among 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.

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.

TDIC's operations could be adversely affected by 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 natural disasters (such as earthquakes, floods, tsunamis, 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 materially affect its business, financial conditions and results of operations. 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*".

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. TDIC's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Abu Dhabi, the U.A.E. and the Middle East and, in particular, by the level of economic activity in Abu Dhabi, 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. 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.

While the U.A.E. is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. Within the Middle East, extremists have engaged in a campaign, sometimes violent, against various governments in the region and terrorists have struck both military and civilian targets. There can be no assurance that extremists or terrorist groups will not escalate violent activities in the Middle East or that the governments of the Middle East will be successful in maintaining the prevailing levels of domestic order and stability. Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and, in particular, could impact the numbers of tourists that choose to visit Abu Dhabi and the number of businesses interested in developing properties in Abu Dhabi, and, consequently, could have an adverse affect on TDIC's business, financial condition and results of operations and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

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.

Although the U.A.E. has enjoyed significant economic growth in recent years, there can be no assurance that such growth or stability will continue, particularly in light of the significant adverse financial and economic conditions experienced worldwide since 2008. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained.

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

Abu Dhabi's economy is highly dependent upon oil revenue. TDIC's developments have historically been funded in large part by monetary grants made by the Government. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Financial Support from the Government*". Such funding is largely derived from the significant oil revenues of the Government. Despite recent sudden increases in the price of oil, its price overall has fluctuated significantly in recent years. Oil prices have fluctuated in the past and will continue to fluctuate in the future 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.

Further declines in international prices for hydrocarbon 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 projects and the Issuer's ability to perform its obligations in respect of any Notes.

TDIC's business may be 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. As at the date of this 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 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 ability to perform its obligations in respect of any Notes.

As all TDIC's operations are based in Abu Dhabi, they may be significantly 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 ability to perform its obligations in respect of any Notes.

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.

Risks Relating to the Issuer

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

The Issuer is a newly formed entity and has no operating history. The Issuer will not engage in any business activity other than the issuance of the Notes and other activities incidental or related to the foregoing. The Issuer's only material assets will be its right to receive payments under the loan of the proceeds of the issue of the Notes to TDIC. Therefore, the Issuer is subject to all the risks to which TDIC is subject to the extent that such risks could limit TDIC's ability to satisfy in full and on a timely basis its obligations under the loan. See " – *Risks Relating to TDIC's Business*" above for a further description of these risks.

The ability of the Issuer to pay amounts due on the Notes will be entirely dependent upon receipt by the Issuer from TDIC of all amounts due under the loan or other necessary funding.

Risks Relating to all Issues of Notes

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 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 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 the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of 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 and such investments may be purchased 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.

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

On 2 March 2009, TDIC was assigned a rating of Aa2 (stable outlook) by Moody's Investors Service ("**Moody's**") and AA (stable outlook) by both Standard & Poor's, Inc. ("**Standard & Poor's**") and Fitch Ratings Inc. ("**Fitch**"). 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 above, 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. 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.

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.

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.

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

The 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 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.

A change of law may adversely affect the Notes

The Conditions of the Notes and the Trust Deed are based on English law in effect as at the date of this 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.

Risks That Vary Depending on 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.

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.

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.

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 Related to the Market Generally

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 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 are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

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. 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.

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.

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.

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) 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 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. In practice, however, whether the Abu Dhabi courts will enforce a foreign arbitration award in accordance with the terms of the New York Convention has yet to be tested.

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

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) or the Agency Agreement are valid and binding under the laws of the U.A.E. and applicable in Abu Dhabi.

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 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 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 Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at the market news section of the London Stock Exchange Website (*www.londonstockexchange.com/marketnews*) 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 Prospectus with an earlier date.*]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [*original date*] [and the supplemental Prospectus dated [•]]. 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 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 which are extracted from the Prospectus dated [*original date*] [and the supplemental Prospectus dated [•]] and are attached hereto. 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 Prospectus dated [*current date*] and [*original date*] [and the supplemental Prospectuses dated [•] and [•]]. Copies of the 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/marketnews*) 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 subparagraphs. 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 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 €50,000 or equivalent are being used the following language should be used:*
			"[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]")
			(*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 €50,000 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 and the Issuer will prepare a supplement to the Prospectus.*)
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 subparagraphs 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*)

	(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 subparagraphs 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 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 subparagraphs 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 subparagraphs 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 subparagraphs 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 subparagraphs 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 and the Issuing and Paying Agent*)
21.	General Put Option:		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining subparagraphs 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 and 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 in the limited circumstances specified in the Permanent Bearer Global Note] [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:* *"[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]".* *Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by Temporary 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), and not Interest Period end dates to which sub-paragraphs 16(c) 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 Global Note and/or Permanent 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*] (*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:	[•]
	(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:	[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable] [Notes may be offered and sold to QIBs]
35.	Additional selling restrictions:	[Not Applicable/*give details*]
36.	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 the Regulated Market and listing on the Official List of the U.K. Listing Authority of the Notes described herein pursuant to the U.S.$3,000,000,000 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 the London Stock Exchange's Regulated Market and listing on the Official List of the U.K. Listing Authority with effect from [•].] [Application has been made to have the Notes accepted for trading in PORTAL.] [*specify other*] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. RATINGS

Ratings: The Notes to be issued have been rated:

[Moody's: [•]]
[Fitch: [•]]
[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.*)

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, 60 Wall Street, 27th Floor, Mailstop NYC 60-2710, New York, New York 10005, United States of America**]

* 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 relevant 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 Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed (as amended or supplemented as at 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 as at 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 €50,000 (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), 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), 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)) 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), Condition 2(b) or Condition 2(c) 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)) 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); (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) 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, 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: (a) 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; (b) 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 (c) 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) and Condition 6(h), "**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).

(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). 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) 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)).

(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 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 to the Relevant Date (as defined in Condition 8).

(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) 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, Optional Redemption Amounts, Change of Control 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, Optional Redemption Amount, Change of Control Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Change of Control Redemption Amount or any Instalment Amount to be notified to the 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), 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, 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 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:

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

where:

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

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" 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 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 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:

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

where:

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

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" 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 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 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:

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

where:

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

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" 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, 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) or upon it becoming due and payable as provided in Condition 10 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) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the 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).

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) or upon it becoming due and payable as provided in Condition 10, 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) 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 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands (in the case of a payment by the Issuer), or the United Arab Emirates (in the case of a payment by the Guarantor), 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 advisors 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) or 6(d)), redeem such Note on the Put Date at its Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the Put Date.

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 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, "**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)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), 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) 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) 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. 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 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, 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).

(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 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, Optional Redemption Amounts, Change of Control Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it; (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 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 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs, 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, if in the opinion of the Trustee capable of remedy, 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**: (A) 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 (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) 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 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 (in the opinion of the Trustee) 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 means at any relevant time a Subsidiary of the Guarantor:

(a) 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

(b) 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 relevant 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) 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: (a) 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 (b) 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 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 by reference. The place of the arbitration shall be London, United Kingdom and the language of the arbitration shall be English. 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), 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 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 Certificate 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 relevant 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

Temporary Global Notes

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

(i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme – 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 Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary 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 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.

Permanent Global Notes

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

(i) if the permanent 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 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 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.

Permanent Global Note Certificates

(a) Unrestricted Global Note Certificate

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 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 subparagraphs (i) or (ii) above, the holder of such Registered Note has given the Registrar not less than 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 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 (i) above, the relevant holder of the Registered Note has given the relevant Registrar not less than 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 Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions: (i) for Registered Notes if the permanent 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 relevant 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 Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange; or (ii) in the case of a Global Note exchangeable for Definitive Notes 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 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 Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

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

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Note Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this 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 Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary 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.

Prescription

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

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Note Certificate shall (unless such permanent 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 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 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 Global Note.

Purchase

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

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the 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 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 Prospectus, but will be contained in the relevant 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 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 used by TDIC for general corporate purposes or, as the case may be, as set forth in the Final Terms applicable to each Tranche.

CAPITALISATION OF TDIC

The following table sets out TDIC's consolidated capitalisation as at 31 March 2009. The information provided was extracted from TDIC's unaudited condensed consolidated financial statements as at 31 March 2009 and should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements and Notes related thereto included elsewhere in this Prospectus.

	As at 31 March 2009
	(AED in millions)
Bank balances and cash(1)	**1,684.0**
Debt:	
Short-term debt(2)	1,023.4
Bank borrowings long-term	1,822.1
Total debt	**2,845.5**
Equity:	
Share capital	100.0
Increase in capital and other contributions(3)	18,559.7
Statutory reserve	0.1
Accumulated Losses	(477.1)
Total equity	**18,182.7**
Total Capitalisation(4)	**20,004.8**

(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 condensed consolidated balance sheet.

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

(4) Total equity plus long-term debt.

Other than discussed elsewhere in this Prospectus, there have been no significant changes in the capitalisation of TDIC since 31 March 2009.

DESCRIPTION OF THE ISSUER

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 (2007 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.$1.00 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.

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 of the Programme and issue of any Notes under the Programme; (iii) the ownership of such interests and other assets referred to herein; (iv) the other matters contemplated in this Prospectus; (v) the authorisation and execution of the other documents referred to in this Prospectus to which it is or will be a party; and (vi) other matters which are incidental or ancillary to those activities.

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 establishment of the Programme and an issue of Notes under the Programme; (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 Prospectus or reasonably incidental to those activities.

The Issuer has no subsidiaries, employees or non-executive directors.

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

Name	Business Address	Principal Activities
Ahmed Hussein	P.O. Box 126888, Abu Dhabi, United Arab Emirates	Chief Operating Officer of TDIC
H.E. Mubarak Hamad Al Muhairi	P.O. Box 126888, Abu Dhabi, United Arab Emirates	Managing Director of TDIC

The Issuer's Articles of Association provide that the board of directors of the Issuer will consist of at least one and not more than ten directors.

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.

Since its date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2009. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year.

The independent auditors of the Issuer are Deloitte & Touche (M.E.), who are public accountants registered to practice as auditors with the Ministry of Economy in Abu Dhabi.

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 United Arab Emirates. Each Emirate has a local government headed by the Ruler of the Emirate. The federal government 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.

The U.A.E. is the third largest economy in the Arab world after the Kingdom of Saudi Arabia and Egypt. It has a more diversified economy than most of the other countries in the Gulf Cooperation Council (the "**GCC**"). According to OPEC data, at 31 December 2007, the U.A.E. had approximately 8 per cent. of the world's proven global oil reserves (giving it the seventh largest oil reserves in the world), generating approximately one-third of the U.A.E.'s GDP in 2007 and approximately one-half of its export earnings (including re-exports) in 2008, according to data produced by the U.A.E. Central Bank. The U.A.E. enjoys one of the highest GDPs per capita in the region. According to data produced by the International Monetary Fund (the "**IMF**"), the U.A.E.'s GDP per capita based on purchase power parity was approximately U.S.$37,941 in 2007.

Based on IMF data (extracted from the World Economic Outlook (April 2009)), real GDP growth in the U.A.E. increased by 6.3 per cent. in 2007, 7.4 per cent. in 2008 and is expected to decrease by 0.6 per cent. in 2009 and increase by 1.6 per cent. in 2010. Over the period from 2002 to 2007, the Economist Intelligence Unit estimated that the U.A.E. outperformed the GCC region in terms of total real GDP growth by achieving a compound annual growth rate ("**CAGR**") in real GDP over the period of 9.3 per cent. for the U.A.E. as compared to 7.1 per cent. for the GCC region.

The U.A.E. enjoys good relations with the other states in the GCC. However, the U.A.E. does have a longstanding territorial dispute with the Islamic Republic of Iran over three islands in the Arabian Gulf and, as such, is not immune to the political risks that have overshadowed the region.

On 18 December 2008, Moody's reaffirmed the U.A.E.'s long-term credit rating of Aa2 with a stable outlook despite a decline in the price of oil at that time. In its report, Moody's cited the fact that the federal government of the U.A.E. is fully supported by the Government, which has a strong asset position and ability to withstand financial shocks.

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. federation.

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 8 per cent. of the world's proven oil reserves (1,204 billion barrels according to OPEC at 31 December 2007). In recent years, Abu Dhabi has produced approximately 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 5,647 billion standard cubic metres of natural gas reserves, representing approximately 3 per cent. of the world's natural gas reserves of 183,126 billion standard cubic metres (according to OPEC at 31 December 2007).

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 for 1975, 1980, 1985, 1995 and 2005, the most recent census.

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

Source: Official census data, U.A.E. Ministry of Economy.

Abu Dhabi has a predominantly young population with approximately 1 per cent. of the population exceeding the age of 65 and 22 per cent. of the population 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 (according to the IMF), a level which should not require any major short-term infrastructure expansion. The current population mix comprises approximately 25 per cent. U.A.E. nationals and 75 per cent. non-nationals.

Abu Dhabi's nominal GDP per capita of over U.S.$94,300 in 2008 (based on an estimated population of 1.5 million) is one of the highest in the Gulf region. The oil and gas industry dominates Abu Dhabi's economy and contributed approximately U.S.$90 billion, or 64 per cent., of nominal GDP in 2008. Increases in oil and gas production rates combined with increases in oil prices have contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008. Oil prices declined significantly in the second half of 2008. If oil prices for the whole of 2009 remain at the levels prevailing in the first three months of the year, Abu Dhabi's GDP for 2009 is likely to be adversely affected given the significant contribution to such GDP made by the oil and gas sector.

The table below shows Abu Dhabi's crude oil exports and the average price of such exports per barrel for each of the years indicated.

	2006	2007	2008
Crude oil exports (U.S.$ billions)	53.1	58.1	84.6
Average price of oil exports (U.S.$ per barrel)	63.8	71.3	98.6

Source: Abu Dhabi National Oil Company.

The table below shows nominal GDP and the percentage growth rate for nominal GDP for Abu Dhabi and the percentage of U.A.E. nominal GDP accounted for by Abu Dhabi for each of the years indicated (no 2008 GDP information is available for the U.A.E. as a whole). No meaningful real GDP information is currently available for Abu Dhabi as a result of uncertainties surrounding the calculation of inflation for Abu Dhabi.

	2005	2006	2007	2008
	(AED in millions, except for percentages)			
Nominal GDP (current prices) Abu Dhabi	290,323	341,286	400,047	519,921
Percentage change in nominal GDP (%)	34.3	17.6	17.2	30.0
Nominal GDP (current prices) U.A.E	513,089	624,623	729,732	N/A
Abu Dhabi Share of U.A.E. nominal GDP (%)	56.6	54.6	54.8	N/A

Source: Abu Dhabi Department of Planning and Economy and U.A.E. Ministry of Economy.

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed approximately 59 per cent. of nominal GDP in 2005, approximately 61 per cent. in 2006, approximately 60 per cent. in 2007 and approximately 64 per cent. in 2008. Outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2005, 2006, 2007 and 2008 have been: manufacturing industries; construction; financial institutions and insurance; government services; real estate and business services; and wholesale and retail trade and repairing services, which together accounted for around 33 per cent. of nominal GDP in 2005, around 32 per cent. in 2006, around 33 per cent. in 2007 and around 31 per cent. in 2008.

In terms of growth, the fastest growing sectors between 2005 and 2008 were construction; oil and gas; restaurants and hotels; real estate and business services; and manufacturing industries, with CAGRs of 27.2 per cent., 24.6 per cent., 20.6 per cent., 20.5 per cent. and 19.2 per cent., respectively.

Including oil and gas which are treated as being under public ownership, the public sector is estimated to have accounted for approximately 68 per cent. of GDP in 2008. This proportion is forecast to continue to decline over time as the size of the public sector is reduced while the private sector expands as a result of privatisation, education and job creation initiatives in the private sector.

The following table shows 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			2008		
	(AED millions)	%	(2005 compared to 2004, % change)	(AED millions)	%	(2006 compared to 2005, % change)	(AED millions)	%	(2007 compared to 2006, % change)	(AED millions)	%	(2008 compared to 2007, % change)
Sector												
Agriculture, livestock and fishing	4,946	1.7	(25.1)	4,590	1.3	(7.2)	4,367	1.1	(4.9)	4,350	0.8	(0.4)
Mining and quarrying	171,317	59.0	51.7	207,491	60.8	21.1	241,260	60.3	16.3	330,888	63.6	37.1
—Crude oil and natural gas	171,175	59.0	51.7	207,341	60.8	21.1	241,100	60.2	16.3	330,744	63.6	37.2
—Quarrying	142	0.1	3.6	150	0.1	5.6	160	0.1	6.7	144	0.0	(10.0)
Manufacturing industries	29,410	10.1	20.1	34,539	10.1	17.4	41,529	10.4	20.2	49,761	9.6	19.8
Electricity, gas and water	4,634	1.6	27.1	5,291	1.6	14.2	6,296	1.6	19.0	7,209	1.4	14.5
Construction	13,005	4.5	23.5	15,984	4.7	22.9	20,070	5.0	25.6	26,793	5.2	33.5
Wholesale, retail trade and repairing services	10,982	3.8	10.4	12,623	3.7	14.9	14,895	3.7	18.0	17,548	3.4	17.8
Restaurants and hotels	2,123	0.7	19.8	2,507	0.7	18.1	2,958	0.7	18.0	3,726	0.7	26.0
Transport, storage and telecommunications	9,109	3.1	12.8	9,934	2.9	9.1	11,325	2.8	14.0	13,194	2.5	16.5
Real estate and business services	10,738	3.7	12.3	12,695	3.7	18.2	15,800	3.9	24.5	18,801	3.6	19.0
Social and personal services	4,009	1.4	40.6	4,377	1.3	9.2	4,823	1.2	10.2	5,593	1.1	16.0
—Social and personal services	798	0.3	18.6	900	0.3	12.8	981	0.2	9.0	—(1)	—(1)	—(1)
—Private sector health	500	0.2	29.1	603	0.2	20.6	720	0.2	19.4	—(1)	—(1)	—(1)
—Private sector education	2,711	0.9	51.3	2,874	0.8	6.0	3,122	0.8	8.6	—(1)	—(1)	—(1)
Financial institutions and insurance	16,491	5.7	67.7	18,991	5.6	15.2	22,018	5.5	15.9	25,913	5.0	17.7
Government services	16,417	5.7	(6.5)	15,675	4.6	(4.5)	18,536	4.6	18.3	20,653	4.0	11.4
—Public administration and defence	11,408	3.9	(5.2)	10,500	3.1	(8.0)	12,705	3.2	21.0	—(1)	—(1)	—(1)
—Government sector health	2,629	0.9	(3.5)	2,885	0.8	9.7	3,221	0.8	11.6	—(1)	—(1)	—(1)
—Government sector education	2,380	0.8	(15.0	2,290	0.7	(3.8)	2,610	0.7	8.6	—(1)	—(1)	—(1)
Domestic services of households	880	0.3	2.0	906	0.3	3.0	978	0.2	7.9	1,165	0.2	19.1
(Minus imputed bank services)	(3,738)	(1.3)	49.7	(4,317)	(1.3)	15.5	(4,808)	(1.2)	11.4	(5,673)	(1.1)	18.0
Total GDP	**290,323**	**100.0**	**34.3**	**341,286**	**100.0**	**17.6**	**400,047**	**100.0**	**17.2**	**519,921**	**100.0**	**30.0**

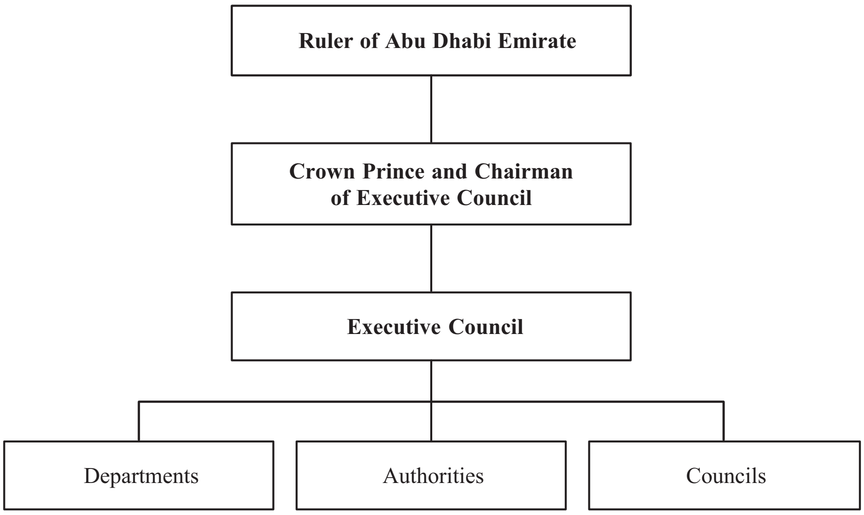
(1) Data not available in respect of 2008.
Source: Abu Dhabi Department of Planning and Economy.

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 local executive authority of Abu Dhabi. The Executive Council is responsible for assisting the Ruler in carrying out his duties and power. The Executive Council comprises 17 members appointed by Emiri Decree.

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

The chart below summarises the structure of the Government.



In addition, the Government, directly and indirectly, wholly-owns a number of companies. The most significant companies owned by the Government are TDIC; Etihad Airways, the national airline of the U.A.E.; Mubadala, an investment and development company mandated to implement the Government's development strategy; ADNOC, responsible for the management of all aspects of Abu Dhabi's oil and gas industry; and International Petroleum Investment Company ("**IPIC**"), which principally invests in international oil and gas interests.

In 2005, the Government passed new laws requiring registration of real estate transactions (including leases for a term of over four years) and providing for the establishment of a Land Registration Department to:

(a) establish a property register;

(b) register the disposition of property;

(c) attest the signatures of parties to registered deeds; and

(d) issue title search certificates.

In addition, the new laws provided that the right to own real estate in Abu Dhabi is limited to the following:

(i) U.A.E. nationals and other corporate bodies wholly-owned by such nationals;

(ii) the Government and the governments of the individual Emirates;

(iii) authorities, companies, corporations, funds, councils and other entities owned by the Government; and

(iv) persons, companies and other entities identified by a resolution issued by the Executive Council.

Citizens of the GCC and corporate bodies wholly-owned by them are permitted to own land within an "Investment Area" designated by the Executive Council subject to guidelines and restrictions issued by the Executive Council.

Non-U.A.E. nationals (natural and corporate persons) are permitted to own property in Abu Dhabi but not the land underlying such property. Additionally, pursuant to Law No. 19 of 2005, non-U.A.E. nationals have the right to enjoy a "right of use" of land located within designated "Investment Areas" under a use agreement for a term of 99 years. Non-U.A.E. nationals may also obtain development rights over land located in such "Investment Areas" for up to 50 years renewable for a similar period subject to the agreement of the parties.

The Government, through the Department of Municipal Affairs, has recently submitted a number of proposed real estate laws to the Executive Council for approval. These laws include provisions allocating the roles of property owners in split occupancy developments, a law to regulate escrow accounts with a view to ensuring that money from completed property pre-sales is protected and used in a specified manner by developers, a law to establish a regulator for the real estate market and a law requiring developers obtain all necessary land title and permits before launching pre-sales.

Recent Developments in the Abu Dhabi Real Estate Market

*The information set out below has been derived from research published by DTZ Holdings Plc ("**DTZ**"), (international real estate advisers and valuation experts) (The Middle East Market Update Series – Abu Dhabi April 2009) and Jones Lang LaSalle (a financial and professional services firm specialising in real estate services) (on.point Abu Dhabi City Profile – April 2009).*

Hotel market

According to DTZ, a general lack of supply of hotel rooms in Abu Dhabi has driven significant growth in average room rates, which increased by 54 per cent. from 2007 to 2008 to AED 1,040, placing Abu Dhabi fourth in the world rankings. Significant hotel development is underway in Abu Dhabi and DTZ projects that 12,000 new rooms will be completed by April 2011 and 20,000 new rooms will be completed by 2012.

Jones Lang LaSalle also notes that approximately 20,000 new hotel rooms are expected to become available by 2012, although it anticipates that some proposed developments may be delayed or cancelled. Although Jones Lang LaSalle expects demand to slow in 2009 as the effects of the global slowdown are felt, the effect of the general shortage of available rooms means that Jones Lang LaSalle expects hotel performance to continue to grow.

Office market

According to DTZ, office rental rates declined from highs of AED 4,500 per square metre reached during 2008 to between AED 3,200 and AED 3,000 per square metre in April 2009. In addition, office sales prices declined from highs of AED 2,300 per square foot achieved during 2008 to around AED 1,800 per square foot in April 2009, reflecting a decrease in liquidity and appetite for real estate as an investment class. Looking ahead, DTZ expects declining rental and sales prices to continue in 2009 before stabilising in 2010.

According to Jones Lang LaSalle, demand for office space in Abu Dhabi at April 2009 remained fairly modest resulting in a drop in office rental levels and an increase in tenant incentives. Looking ahead, Jones Lang LaSalle expects office rental levels to soften further and then stabilise between 2009 and 2011, at least for well-located, well-managed and well-specified Grade A buildings.

Residential market

According to DTZ, the residential market in the Abu Dhabi metropolitan area will remain under-supplied until 2012, when a number of projects are expected to release a substantial number of units onto the market. DTZ estimates that average quoting prices for apartments and villas in Abu Dhabi had declined by April 2009 by between 15 and 35 per cent. from the highs reached in 2008, principally as a result of speculative buying off-plan largely ceasing. Looking ahead, DTZ expects residential sales prices to stabilise in 2010 before beginning a recovery and residential rental rates to decline by between 5 and 15 per cent. during 2009 (depending on the type of property).

According to Jones Lang LaSalle, speculative activity in the residential sales market largely ended at the end of 2008 when prices peaked in the region of AED 30,000 per square metre. Since that date, Jones Lang LaSalle notes a dramatic fall in both pricing and sales activity and anticipates that prices and trading activity will not pick up until towards the end of 2010. In terms of the residential rental market, Jones Lang LaSalle notes that there is still significant demand and that although rental rates have started to decline in 2009 and demand has declined, occupancy rates remain high, which is expected to cause rents to remain relatively high for the foreseeable future. As more supply becomes available, Jones Lang LaSalle expects a two-tier residential market to emerge with modern, well-located residential accommodation achieving a significant value premium over existing low-grade stock.

Retail market

According to DTZ, retail demand has grown strongly in Abu Dhabi in recent years. Notwithstanding a proposed significant increase in retail gross lettable area by 2010, DTZ expects overall rental growth within the retail market to remain stable before moderating in the medium term as new retail stock enters the market and an anticipated consumer slowdown begins to impact retail revenue.

Investor sentiment

In April 2009, Jones Lang LaSalle conducted a survey of over 200 of the MENA region's leading real estate investors and concluded that investors expect further declines in the regional property market, including in Abu Dhabi, in the short-term with most investors anticipating a market recovery in 12 to 18 months. Abu Dhabi was cited as one of the regional markets most likely to perform strongly over the next 12 to 24 months with approximately 50 per cent. of respondents suggesting that Abu Dhabi would recover in 12 months.

Abu Dhabi Government Credit Ratings

On 2 March 2009, the Abu Dhabi government's long-term foreign and local currency issuer ratings were affirmed at Aa2 (stable outlook) by Moody's, AA (stable outlook) by Standard & Poor's and AA (stable outlook) by Fitch and, on 3 February 2009, its short-term foreign and local currency issuer ratings were affirmed at Prime-1 in a report issued by Moody's. Reasons cited for these high investment grade ratings include a robust fiscal position which is capable of withstanding the recent steep fall in international oil prices and global equity markets, as well as very little direct or explicitly guaranteed debt and an extensive portfolio of financial assets.

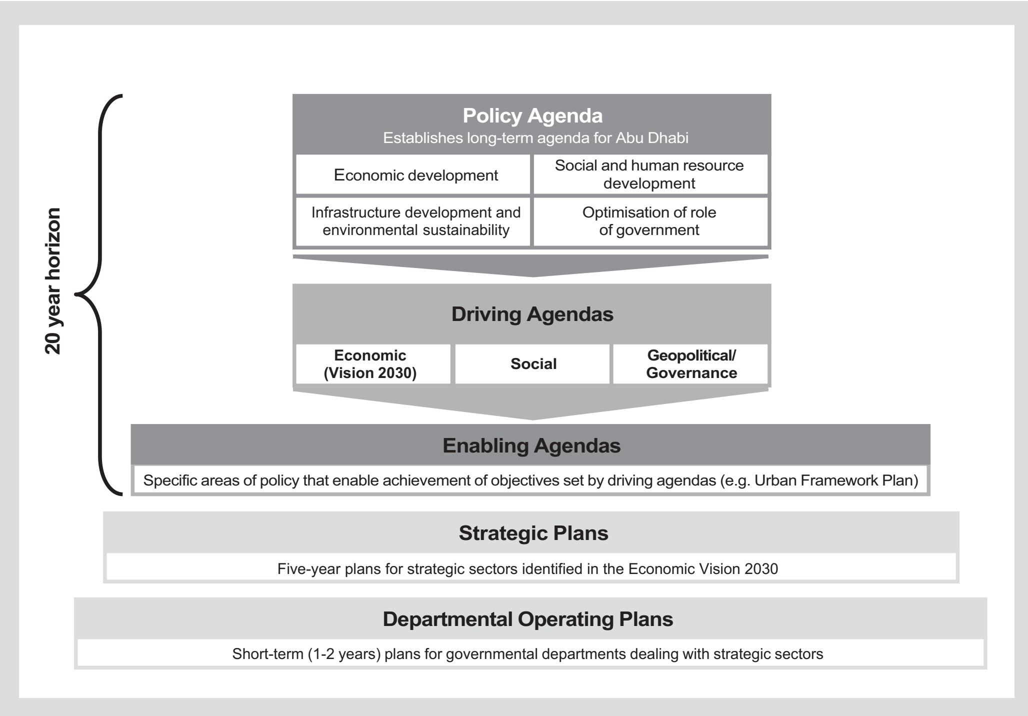
THE ABU DHABI GOVERNMENT'S DEVELOPMENT STRATEGY

Overview

Abu Dhabi's leaders have developed 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 are beneficial to the people of Abu Dhabi. The strategy envisages limiting the role of the Government to that of a facilitator and an investor in the public facilities needed to fulfil its vision. Accordingly, the private sector and Government-owned entities like TDIC will be used to drive the process of diversification.

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. A new port is under construction and feasibility studies are being undertaken in relation to a possible rail link between Abu Dhabi and Dubai and an Abu Dhabi metro system.

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



The Government's Policy Agenda establishes 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 form the basis of the enabling agendas identified in the diagram above.

Drawing on the Policy Agenda, the Government published its 2030 Economic Vision, which enumerates the Government's strategic vision in relation to economic development 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 social and geopolitical/governance development identified in the Policy Agenda.

The Government has also adopted enabling agendas to ensure that the goals set forth in the Policy Agenda are achieved. The enabling agendas focus on, among other things, fiscal and monetary policy and trade, human resources, infrastructure and utilities, and services. 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.

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*") and for each of the principal Government departments responsible for those sectors. An example of one of these plans is the Abu Dhabi Council for Economic Development's Strategic Plan for 2008-2012. 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 key businesses 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 development goals and Government initiatives across a range of areas. 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. As discussed above, 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 (in which a sector will be supported by a cluster of goods and services providers within and around 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 improved 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 three million visitors per year by 2015. At the time of the Policy Agenda, ADTA had set a goal of attracting 2.7 million visitors to Abu Dhabi by 2012, but in May 2009, ADTA revised this figure to 2.3 million in light of the current economic climate. This number may continue to be revised in the future. The strategy focuses on three main areas: (i) marketing Abu Dhabi globally as a tourist destination; (ii) developing tourism infrastructure and upgrading Abu Dhabi's tourist attractions and services; and (iii) overseeing the tourism sector including in terms of licensing and quality control.

Social and Human Resources 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 the Environmental Sustainability: The Government is also focusing on improvements in the fields of urban planning, transport, the environment, health and safety, municipal affairs and police and emergency services.

Government Sector Optimisation: Finally, 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 marks a transition from a centralised decision-making process to a more streamlined approach characterised by the decentralisation of authority and decision-making.

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: (i) the need to build a sustainable economy; and (ii) 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.

A number of specific core economic objectives have been identified for both of these economic policy priorities. 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 12 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
- telecommunication services.

The cultural district of Saadiyat Island, 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 7 per cent. per annum through 2015, and thereafter to stabilise growth at an average of 6 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. The Government seeks to reduce the unemployment rate for nationals from an estimated 12.5 per cent. in 2006 to 5 per cent. and to develop its national infrastructure to exceed the needs of its growing population. 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.

Urban Framework Plan

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 establishes an environmental context within which urban development should be undertaken, confirming 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. A similar plan has been prepared for the eastern region and a third plan covering the western region is being finalised. Together, these plans cover the entire Emirate.

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. Saadiyat Island is one of the key developments planned to be included in this first phase. 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, coordinated development with controlled growth. 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.

RELATIONSHIP WITH THE GOVERNMENT

Overview

TDIC was formed 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 Island 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 implementing 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. See "*Material Contracts – Museum Contracts – Louvre Abu Dhabi Museum – L'Etablissement Public du Musée du Louvre*".

TDIC receives a significant amount of Government contributions to support its operations. From inception to 31 March 2009, Government contributions consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100.0 million and contributions of land and other assets of AED 18.6 billion) and monetary grants of AED 4.4 billion (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview – Financial Support from the Government*"). In the future, TDIC expects to receive significant financial support from the Government.

All of TDIC's directors serve in prominent positions in the Government and/or as officers and directors of entities that are wholly-owned by the Government or the government of the U.A.E. TDIC's Chairman, H.H. Sheikh Sultan bin Tahnoon al Nahyan, is also the Chairman of ADTA and a member of the Executive Council of Abu Dhabi (see "*Management – Members of the Board of Directors*"), which is the principal executive authority below the Ruler and the Crown Prince. TDIC's directors serve as officers or directors of, amongst others, ADIA, ADEA, EDEC, the Urban Planning Council, Etisalat, Etihad Airways, ADNEC, ADWEA, the Supervision Committee of the Expansion of the Abu Dhabi International Airport and Gulf Air. In addition, one of TDIC's directors has been appointed as the General Manager of the Municipality of Abu Dhabi. See "*Management – Members of the Board of Directors*".

Because TDIC is wholly-owned by the Government through ADTA, its financial statements are periodically audited by the Abu Dhabi Accountability Authority, which audits the financial statements of those entities in which the Government has at least a 50 per cent. ownership stake.

TDIC expects that the Programme will: (i) diversify its sources of funding to complement the funding it receives through Government financial support; (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. TDIC believes that the establishment of the Programme will help it to achieve its mandate by substantially enhancing its global recognition and profile. It has been the vision of the Department of Finance that Government-owned entities such as TDIC be marketed by entering the global capital markets.

TDIC's Role in Abu Dhabi's Strategy

Abu Dhabi's development strategy is centred around four priority areas: economic development; social and human resources development; optimisation of the role of Government in the future of Abu Dhabi; and development of environmentally sustainable urban planning. 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 Abu Dhabi. 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

- Economic Efficiency & Performance;
- Infrastructure; and
- Tourism.

Social and Human Resource Development

- Education;
- Culture & Heritage; and
- Women Workforce.

Optimisation of Role of Government

- Efficient Services

Infrastructure Development and Environment Sustainability

- Transport & Logistics;
- Environment;
- Health & Safety;
- Municipal Affairs; and
- Police & Emergency Services.

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, including Saadiyat Island.

TDIC has a key role in social and human resources development, in overseeing the development of Saadiyat Island 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.

TDIC also 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 Island 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 Sir Bani Yas Island and the associated nature reserves.

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

ADTA

As a Government authority, ADTA has a wide range of responsibilities to execute and oversee Abu Dhabi's strategy for the tourism industry. ADTA was established in September 2004 and 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 coordinate the international promotion of Abu Dhabi with hotels, destination management companies, airlines and other public and private sector travel-related organisations.

ADTA is also responsible for the regulation and monitoring of the tourism industry, upgrading of its service standards and performance through the issuance of tourism licences, providing of training opportunities to the industry, while also ensuring that the regulations and standards set for licensing are adhered to and complied with by carrying out a comprehensive system of industry inspections.

Distributions to the Government

TDIC's management 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 does TDIC have any plans to pay any dividends for the foreseeable future.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

TDIC's selected historical consolidated financial data as at 31 March 2009 and for the three-month periods ended 31 March 2008 and 2009 and as at and for the financial years ended 31 December 2008, 2007 and 2006 set forth below has been derived from the Financial Statements and the related Notes thereto appearing elsewhere in this Prospectus.

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 Prospectus. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

*The financial information as at and for the three-months ended 31 March 2008 and 2009 (the "**Interim Financial Information**") has been prepared using the same accounting principles and on the same basis as the financial information as at and for the year ended 31 December 2008 and include all adjustments, consisting of normal recurring adjustments that management considers necessary for the fair representation of interim results. The results included within the Interim Financial Information are not necessarily indicative of results to be expected for a full year.*

Balance Sheet Data

	As at 31 March 2009	As at 31 December 2008	2007	2006
		(AED in thousands)		
ASSETS				
Non-current assets				
Property, plant and equipment	5,883,792	5,017,099	2,353,614	305,277
Investment properties	2,295,299	2,295,299	1,485,323	8,816
Investments in associates	672,412	672,412	572,352	—
Total non-current assets	**8,854,420**	**7,987,814**	**4,414,655**	**337,938**
Current assets				
Development work-in-progress	17,438,007	16,833,516	14,453,521	8,783,570
Trade and other receivables	459,155	603,377	280,139	116,990
Bank balances and cash	1,684,024	920,342	1,232,171	185,347
Total current assets	**19,740,282**	**18,385,278**	**15,978,581**	**9,092,879**
Total assets	**28,594,702**	**26,373,092**	**20,393,236**	**9,430,817**
EQUITY AND LIABILITIES				
Equity				
Total equity	**18,182,714**	**18,287,074**	**17,595,975**	**9,141,911**
Non-current liabilities				
Derivative liability	85,451	77,050	—	—
Bank borrowings — long term	1,822,064	1,822,064	1,822,064	—
Deferred government grants	4,343,209	1,908,962	147,000	—
Other non-current liabilities	1,054,468	1,001,731	301,216	165,170
Total non-current liabilities	7,305,192	4,809,807	2,270,280	165,170
Current liabilities				
Trade and other payables	2,083,356	2,235,335	423,907	121,016
Bank borrowings — short term	1,000,000	1,000,000	—	—
Bank overdrafts	23,440	40,876	103,074	2,720
Total current liabilities	**3,106,796**	**3,276,211**	**526,981**	**123,736**
Total liabilities	**10,411,988**	**8,086,018**	**2,797,261**	**288,906**
Total equity and liabilities	**28,594,702**	**26,373,092**	**20,393,236**	**9,430,817**

Income Statement Data

	For the three-month period ended 31 March		For the financial year ended 31 December		
	2009	2008	2008	2007	2006
	(AED in thousands)				
Revenue	16,313	10,300	435,575	26,887	1,681
Direct costs	(9,958)	(5,070)	(468,273)	(10,409)	(246)
Gross (loss)/profit	**6,355**	**5,230**	**(32,698)**	**16,478**	**1,435**
Abu Dhabi government contributions	18,750	18,750	75,000	75,000	50,000
Administrative expenses	(120,574)	(41,514)	(339,060)	(136,986)	(66,197)
Management fees	(690)	(545)	(1,363)	(933)	(126)
Loss on revaluation of derivative instruments	(8,400)	(18,003)	(77,050)	—	—
Finance costs	(6,893)	(4,479)	(17,976)	(2,447)	(18)
Finance income	7,600	8,634	22,930	17,000	5,327
Gain on sale of property, plant and equipment	—	—	(313)	—	—
Other (expenses)/income	(508)	959	1,950	340	107
Net (loss)/profit for the year from continuing operations	**(104,360)**	**(30,968)**	**(368,580)**	**(31,548)**	**(9,472)**
Profit from discontinued operations	—	—	—	9,324	4,227
Gain on sale of discontinued operations	—	—	—	23,468	—
Net (loss)/profit for the year	**(104,360)**	**(30,968)**	**(368,580)**	**1,244**	**(5,245)**

Cash Flow Data

	For the three-month period ended 31 March		For the financial year ended 31 December		
	2009	2008	2008	2007	2006
	(AED in thousands)				
Net cash (used in)/generated from operating activities	(776,228)	282,335	(493,095)	(1,045,556)	193,511
Net cash (used in)/generated from investing activities	(876,901)	(176,962)	(2,518,498)	22,962	(110,884)
Net cash from financing activities	2,434,247	—	2,761,962	1,969,064	100,000
Net (decrease)/increase in cash and cash equivalents	781,118	105,393	(249,631)	946,470	182,627
Cash and cash equivalents at beginning of year/period	879,466	1,129,097	1,129,097	182,627	—
Cash and cash equivalents at end of year/period	1,660,584	1,234,490	879,466	1,129,097	182,627

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

The following discussion and analysis of TDIC's financial condition and result of operations should be read in connection with its (i) Interim Financial Statements for the three-month periods ended 31 March 2009 and 2008 and (ii) Year-End Financial Statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 to 31 December 2006 and the related Notes thereto, included elsewhere in this 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 Prospectus, TDIC's actual results may differ materially from those anticipated by these forward-looking statements.

All information in this section as at, and relating to the three-month periods ended, 31 March 2009 and 2008 is unaudited. Results for any interim period within a year will not necessarily be indicative of the results for the full year.

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 Government's Policy Agenda, Economic Vision 2030 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 is currently developing over 55 projects on Saadiyat Island, on the Desert Islands and elsewhere in Abu Dhabi, with, as at 31 March 2009, an estimated consolidated total capital cost of over AED 124 billion.

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 high-end residential, commercial/mixed-use and hospitality/leisure properties. TDIC also sells development land to third parties 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 16.3 million, AED 435.6 million, AED 26.9 million and AED 1.7 million for the three-month period ended 31 March 2009 and the financial years ended 31 December 2008, 2007 and 2006, respectively. TDIC recognised gross profit of AED 6.4 million, AED 16.5 million and AED 1.4 million for the three-month period ended 31 March 2009 and the financial years ended 31 December 2007 and 2006, 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

The Government provides TDIC with 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 such non-monetary contributions of AED 1,059.7 million, AED 8,452.8 million and AED 9,047.2 million for the financial years ended 31 December 2008, 2007 and 2006, respectively.

Monetary grants are received from the Government for two different purposes:

- *Deferred monetary grants* are received to purchase, construct or otherwise acquire non-current assets. These grants are recognised as deferred income on TDIC's balance sheet and transferred to profit or loss on a systematic basis over the useful lives of the assets. TDIC received deferred monetary grants of AED 2,434.2 million, AED 1,762.0 million, AED 147.0 million and nil for the three-month period ended 31 March 2009 and the financial years ended 31 December 2008, 2007 and 2006, respectively. As at 31 March 2009, AED 2.8 million had been recognised from the deferred income recorded as a result of these grants.

- *Cash monetary grants* are received to fund the current operations and costs associated with Sir Bani Yas Island. 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 18.8 million, AED 75.0 million, AED 75.0 million and AED 50.0 million for the three-month period ended 31 March 2009 and the financial years ended 31 December 2008, 2007 and 2006, respectively.

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

- 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 on terms favourable to TDIC. TDIC received a Government loan in the amount of AED 547.0 million in the period subsequent to 31 March 2009. See "— *Recent Developments*".

- Land grants located throughout Abu Dhabi that require significant investment to derive value from the land. 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.

TDIC's projects are significantly funded through Government financial support, in the form of monetary capital contributions, monetary grants (including deferred monetary grants) and Government loans as well as through commercial borrowings. Land and other assets contributed and granted by the Government to TDIC provide TDIC with the assets it develops and/or sells or leases. The table below sets forth significant elements of Government support and the significant uses of funds received for each of the periods indicated.

	For the three-month period ended 31 March 2009	For the financial year ended 31 December		
		2008	2007	2006
		(AED in thousands)		
Capital contributions				
Monetary	—	—	—	100,000
Non- monetary	—	1,059,679	8,452,820	9,047,156
Government grants				
Deferred monetary	2,434,247	1,761,962	147,000	—
Monetary	18,750	75,000	75,000	50,000
Land and assets	—	—[1]	—[2]	—
Government loans				
Monetary	—[3]	—	—	—
Commercial borrowing				
Bank borrowings[4]	—	1,000,000	1,822,064	—
Acquisition of property, plant and equipment	(879,922)	(2,441,745)	(201,559)	(115,593)
Increase in development work-in-progress	(582,222)	(2,319,861)	(1,280,526)	(186,821)

[1] During the year ended 31 December 2008, TDIC received three plots of land treated as Government grants that are expected to be used to develop the land surrounding the Mirfa Hotel and two plots on the Desert Islands.

[2] During the year ended 31 December 2007, TDIC received two plots of land treated as Government grants that are expected to be used to develop the Angsana Resort and Spa, Eastern Mangroves and the Qasr Al Sarab hotel.

[3] Since 31 March 2009, the Government received an AED 547.0 million Government loan as well as an AED 359.0 million Government grant intended for use on Saadiyat island infrastructure.

[4] 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, 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.

TDIC's initial financial period presented in its consolidated financial statements consists of fourteen months (running from 25 October 2005 (inception) to 31 December 2006) compared to twelve months for each of the years ended 31 December 2008 and 2007.

As a result of the foregoing, the period-by-period comparison presented below under the heading "– *Results of operations*" may not be indicative of TDIC's current or expected operations or its future performance.

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.

Income driven primarily by land sales

TDIC's predominant source of revenue for the historical periods was derived from the sales of development land and it believes that such sales will continue to be the largest driver of its revenue for the foreseeable future. TDIC sells land located in its master developments to third parties who will develop individual projects. In addition to land sales, but to a much lesser extent, TDIC has derived revenue from other operations, including the operation of its hospitality/leisure business.

To date, TDIC has not recognised any revenue from the sale of completed residential projects because, although TDIC has sold some of its residential properties in one of its planned developments on Saadiyat Island, revenue is not recognised until an individual property is completed and handed over to the purchaser, thereby transferring the risk and rewards of ownership. As at 31 March 2009, TDIC had sold approximately 240 residential properties for an aggregate contracted purchase prices of AED 3.3 billion, AED 0.5 billion of which has been received from customers but not recognised as revenue. These residential properties are expected to be completed and delivered beginning in 2011. There are no assurances, however, that all of these properties will be completed and delivered to the respective purchasers at the contracted price or at all. See "– *Revenue recognition*".

In future periods, TDIC is expected to generate income from investments in certain associates within the industry. TDIC has investments in associates that are expected to be operated by third party hotel operators, including B2B Hotels & Properties LLC (which is developing the Fairmont Hotel), Emirates Pearl for Development and Investment LLC (which is developing the Pearl Hotel), Parc Hospitality Investment LLC (which is developing the Parc Rotana Hotel) and Qaryat Al Bari Resort Development Co LLC (which is developing the Shangri-La Hotel complex). TDIC contributed to these projects the land on which the hotels will be built in return for a 20 per cent. equity stake in such associates. TDIC will recognise its proportionate share of profits, if any, which these entities realise after these projects become operational. TDIC has not recorded any such income to date, as many of these projects are either not yet operational or their results are not significant. TDIC is also expected to generate revenue from hotels which it develops and owns and which are managed by third party operators. TDIC has developed the Desert Islands Hotel & Resort, which opened and began generating revenue in late 2008. TDIC also expects to complete the Qasr Al Sarab resort in late 2009, at which time it may begin generating revenue. The Angsana Resort and Spa, Eastern Mangroves is expected to be completed by TDIC and begin generating revenue in 2010. Furthermore, additional revenue is expected to be recorded in future reporting periods in relation to the operation and management of other hotels, golf courses, marinas and other businesses being developed by TDIC.

Timing of sales

As the most significant contributor to TDIC's revenue has been derived from the sale of development land, the timing of such sales will significantly impact TDIC's results of operation in any given period. 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 income statement 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 income statement 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 subcontract 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 prefers 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.

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 TDIC has sold 240 villas on Saadiyat Island, 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 2011.

TDIC does, however, maintain considerable flexibility in terms of timing its release of properties on to the market in order to manage its cash flows and to assist it in financing its projects, particularly in terms of its residential sales where despite not recognising revenue until a property is delivered to the final owner, it does receive significant progress payments in the course of its development of properties which are not subject to any escrow requirements related to specific developments and can, accordingly, be used to help fund its business.

Revenue recognition

TDIC's principal revenue streams include: (i) sales of development land; and (ii) sales of residential units, including villas and apartments.

TDIC recognises revenues from sales of property when it is probable that future economic benefits will be received, significant risks and rewards resulting from the transaction have transferred to the buyer, and when TDIC has no further continuing managerial involvement in the property sold like other property developers, due to the nature of TDIC's business and its flexibility in terms of its release of properties on to the market, there has been, and may continue to be, significant fluctuations in the amount of revenues recognised between periods.

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) to the purchaser (see Note 3 "Summary of significant accounting policies" of TDIC's Year-End Financial Statements).

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. For example, although TDIC sold 240 villas in 2008 and received proceeds from such sales that have been recorded on its balance sheet under advances from customers, the revenues associated with such individual sales will only be recognised when the individual villas are completed and delivered to their respective purchasers, which is currently expected to commence in 2011. 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 delivery of each individual 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.

For further details see Note 3 "Summary of significant accounting policies" to TDIC's Year-End Financial Statements.

Abu Dhabi's economic condition

TDIC's results of operations as at and for the three-month period ended 31 March 2009 and as at and for the financial year ended 31 December 2008 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 DTZ in its report *The Middle East Market Update Series – Abu Dhabi April 2009*, the average quoting prices for apartments and villas in Abu Dhabi have declined by between 15 and 35 per cent. from the highs reached in 2008, and office sales prices declined from highs of AED 2,800 per square foot achieved during 2008 to around AED 1,800 per square foot in April 2009.

Recent developments in Abu Dhabi's real estate market are further described under "*Overview of the U.A.E. and Abu Dhabi – Recent Developments in 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 the development of certain projects which it has not yet commenced and to shift the focus of certain parts of its developments away from commercial projects to infrastructure projects, which are typically funded by Government financial support in the form of monetary grants. 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 "*– Timing of sales*".

Impact on cost and demand

Since the onset of the global economic downturn in mid-2008, 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 TDIC's Year-End Financial Statements.

Financing

The global financial crisis has resulted in a reluctance of financial institutions to extend credit. Any credit that is extended is generally on less favourable terms (including higher margins) than were previously available to borrowers before the crisis. As at 31 March 2009, TDIC had five financing facilities available to it amounting to a total of AED 3.2 billion, under which it had borrowed a total of AED 2.8 billion. These financings will mature between December 2009 and December 2010, and carry interest rates ranging from 0.35 per cent. to 3.00 per cent. above their relevant reference rate. The refinancing of the loans bearing relatively low interest rate margins can be expected to result in loans bearing significantly higher new interest rate margins. See Note 16 "Bank borrowings" to TDIC's Year-End Financial Statements for information relating to the maturity dates and margins of its existing financing arrangements. See "*– Liquidity and capital resources – 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 under construction work-in-progress and other properties and assets which are intended to be sold under development work-in-progress. As at 31 March 2009, TDIC's construction work-in-progress and development work-in-progress was AED 3.1 billion and AED 17.4 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 begin to depreciate such property and assets and recognise depreciation expense on TDIC's consolidated income statement. Any such recording of depreciation could be significant and could result in TDIC recognising a net loss for the relevant period in which such depreciation expense is recorded.

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, please see Note 4 "Critical accounting judgments and key sources of estimation of uncertainty" to TDIC's Year-End Financial Statements included elsewhere in this 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. 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 subcontractor 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 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 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.

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, please see Note 3 "Summary of significant accounting policies" to TDIC's Year-End Financial Statements included elsewhere in this Prospectus.

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 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.

These fixed assets are depreciated so as to write-off their cost over their estimated useful life, using the straight-line method over their estimated useful life. Permanent buildings are depreciated over a period of 20 years whereas temporary buildings, such as TDIC's current headquarters, 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 or transferred to property, plant and equipment depending on their intended use.

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 income statement.

Deferred Government grants

Deferred government grants represents those grants for which the primary condition is that TDIC should purchase, construct, or otherwise acquire non-current assets on behalf of the Government. These grants are recognised as deferred income on the balance sheet under deferred government grants and transferred to profit or loss on a systematic and rationale basis over the useful life of the related assets.

Valuation of real estate assets

In accordance with IAS 40, TDIC has elected to value its real estate assets according to the cost method, where assets are initially recognised at cost at the time of receipt, and recorded under investment properties or property, plant and equipment on its balance sheet. Real estate assets that have been granted to TDIC are recorded under investment properties or property, plant and equipment on its balance sheet at the time it receives such land and are not revalued at a later date. A real estate asset's valuation may be calculated at either: (i) cost (which, where there is no actual purchase, is generally fixed at the asset's fair market value); or (ii) a nominal amount (for land that is being reclaimed, such as the site for the Eastern Mangroves, or land to which no value can readily be ascribed, such as the site for Qasr Al Sarab). Under the cost method, an asset's initial value is carried at cost less any accumulated depreciation and any accumulated impairment losses. Any gain arising from a change in the fair value of an asset will not be recognised as a 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 impairment. The value of an impaired asset may later be written-up, but only to the extent that such an increase in value does not exceed the asset's impairments. At the end of each reporting period, TDIC assesses whether there is any indication that a property might 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 income statement. 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. TDIC has not recorded any impairments to date.

See Note 4 "Critical accounting judgments and key sources of estimation of uncertainty" of TDIC's Year-End Financial Statements for further information.

Explanation of income statement items

Revenue

TDIC's revenues primarily comprise sales of land and to a lesser degree revenues associated with its hospitality and leisure operations, including hotel room rentals and sales of food and beverages. For further information, see "*– Key factors affecting results of operations – Income driven primarily by land sales*".

Direct expenses

TDIC's direct expenses 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.

Abu Dhabi Government contribution

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

Administrative expenses

TDIC's administrative expenses primarily consist of payroll and employee related costs; development consultancy services; depreciation of property, plant and equipment; advertising expenses; legal expenses; and exhibition costs.

Management expenses

TDIC's management expenses 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.

Loss on revaluation of derivative instruments

TDIC's loss on revaluation of derivatives 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 income statement and are marked-to-market at each reporting date.

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.

Other income/loss

TDIC's other income primarily consists of gains and/or losses on foreign exchange transactions, income earned from tender fees, gains from the sale of metal and other scrap materials and income from submission and plan fees.

Profit from discontinued operations

Amounts reported in the income statement in relation to discontinued operations were associated with the four hotels sold in the financial year ended 31 December 2007. These amounts include: (i) the results of operations from those entities which qualified as discontinued operations under IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations"; and (ii) the gain/loss on the sale of the discontinued operations (consisting of the consideration received from the sale of the discontinued operations less the book value of the assets sold).

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.

Three-month period ended 31 March 2009 compared to the three-month period ended 31 March 2008

The following table sets forth financial information for the three-month periods ended 31 March 2009 and 2008.

	For the three-month periods ended 31 March	
	2009	2008
	(AED in thousands)	
Income statement data		
Revenues	16,313	10,300
Direct expenses	(9,958)	(5,070)
Gross (loss)/profit	**6,355**	**5,230**
Abu Dhabi Government contributions	18,750	18,750
Administrative expenses	(120,574)	(41,514)
Management fees	(690)	(545)
Loss on revaluation of derivative instruments	(8,400)	(18,003)
Finance costs	(6,893)	(4,479)
Finance income	7,600	8,634
Other (expenses)/income	(508)	959
Net loss and other comprehensive loss for the period	**(104,360)**	**(30,968)**

Revenues

TDIC's revenues increased by AED 6,013 thousand, or 58.4 per cent., to AED 16,313 thousand for the three-month period ended 31 March 2009 compared to AED 10,300 thousand for the three-month period ended 31 March 2008. The increase was primarily due to an increase in revenue of AED 4,642 thousand in hotel revenue resulting from the opening of the Desert Islands Resort & Spa in October 2008 and, to a lesser extent, an increase in revenue of AED 463 thousand from the newly-established tourist activities on Sir Bani Yas Island.

Direct expenses

TDIC's direct expenses increased by AED 4,888 thousand, or 96.4 per cent., to AED 9,958 thousand for the three-month period ended 31 March 2009 compared to AED 5,070 thousand for the three-month period ended 31 March 2008. The increase was primarily due to an increase in expenses of AED 2,534 thousand associated with hotel operations largely associated with the increased operating costs for the opening of the Desert Islands Resort & Spa in October 2008 and, to a lesser extent, an increase in expenses of AED 410 thousand from tourist transportation costs related to Sir Bani Yas Island.

Abu Dhabi Government contribution

TDIC receives an annual monetary grant from the Government, which is recognised evenly over the annual period. The amount of the Government grant recorded for each of the three-month periods ended 31 March 2009 and 2008 was AED 18,750 thousand.

Administrative expenses

TDIC's administrative expenses increased by AED 79,060 thousand to AED 120,574 thousand for the three-month period ended 31 March 2009 compared to AED 41,514 thousand for the three-month period ended 31 March 2008. The increase was primarily due to an increase of AED 25,593 thousand in payroll and staff accommodation costs as a result in increased headcount resulting from TDIC's expanding operations and, to a lesser extent, increases in legal and professional fees, exhibition costs, advertising costs, and depreciation.

Management fees

Management fees paid by TDIC increased by AED 145 thousand, or 26.6 per cent., to AED 690 thousand for the three-month period ended 31 March 2009 compared to AED 545 thousand for the three-month period ended 31 March 2008. The increase was primarily due to fees paid to a third party who manages the Desert Islands Resort & Spa that opened in October 2008.

Loss on revaluation of derivative instruments

TDIC's loss on the revaluation of derivative instruments decreased by AED 9,603 thousand, or 53.3 per cent., to AED 8,400 thousand for the three-month period ended 31 March 2009 compared to AED 18,003 for the three- month period ended 31 March 2008. The decrease was primarily due to changes in the fair value of interest rate swaps at the reporting date, which reduced as a result of underlying interest rates on a comparative basis. See "*– Quantitative and qualitative disclosures about market risks – Interest rate risk*".

Finance costs

TDIC's finance costs increased by AED 2,414 thousand, or 53.9 per cent., to AED 6,893 thousand for the three-month period ended 31 March 2009 compared to AED 4,479 thousand for the three-month period ended 31 March 2008. The increase was primarily due to increased interest costs associated with TDIC's term loan borrowings and overdraft facilities, due to increased borrowings in the three-month period ended 31 March 2009 as compared to the three-month period ended 31 March 2008.

Finance income

TDIC's interest income decreased by AED 1,034 thousand, or 12.0 per cent., to AED 7,600 thousand for the three-month period ended 31 March 2009 compared to AED 8,634 thousand for the three-month period ended 31 March 2008. The decrease was primarily due to lower levels of average cash balances on fixed deposits, which resulted in a smaller amount of interest earned.

Other expenses or income

TDIC's other expenses increased by AED 1,467 thousand to other expense of AED 508 thousand for the three-month period ended 31 March 2009 compared to other income of AED 959 thousand for the three-month period ended 31 March 2008. The increase in other expenses was primarily due to losses on foreign exchange, which was partially offset by an increase in income received from the sale of scrap metal from Sir Bani Yas Island.

Financial year ended 31 December 2008 compared to the financial year ended 31 December 2007 compared to the financial year ended 31 December 2006

The comparison set forth below is a comparison of financial statements of two twelve-month periods to a period of approximately fourteen months, ended 31 December 2006. As a result of the factors explained in "– Overview", period-to-period comparisons of financial performance by reference to the 2007-2008 Financial Statements and the fourteen-month period ended 31 December 2006 Financial Statements may not be meaningful. Accordingly, TDIC urges investors to carefully read its financial statements, together with the Notes thereto, and all operating data, included elsewhere in this Prospectus.

The following table sets forth financial information for the financial years ended 31 December 2008, 2007 and 2006.

	For the financial year ended 31 December		
	2008	**2007**	**2006**
	(AED in thousands)		
Income statement data			
Revenues	435,575	26,887	1,681
Direct expenses	(468,273)	(10,409)	(246)
Gross (loss)/profit	**(32,698)**	**16,478**	**1,435**
Abu Dhabi government contributions	75,000	75,000	50,000
Administrative expenses	(339,060)	(136,986)	(66,197)
Management fees	(1,363)	(933)	(126)
Loss on revaluation of derivative instruments	(77,050)	—	—
Finance costs	(17,976)	(2,447)	(18)
Finance income	22,930	17,000	5,327
Gain on sale of property, plant and equipment	(313)	—	—
Other income	1,950	340	107
Net (loss) / profit for the year from continuing operations	**(368,580)**	**(31,548)**	**(9,472)**
Profit from discontinued operations	—	9,324	4,227
Gain on sale of discontinued operations	—	23,468	—
Net (loss) / profit for the year	**(368,580)**	**1,244**	**(5,245)**

Revenues

TDIC's revenues increased by AED 408,688 thousand to AED 435,575 thousand for the financial year ended 31 December 2008 compared to AED 26,887 thousand for the financial year ended 31 December 2007. The increase was primarily due to revenue from the sale of four land plots designated for hotel development on Saadiyat Island in the amount of AED 397,027 thousand in the year ended 2008 and, to a lesser extent, an increase in hotel revenue by AED 4,846 thousand and an increase in revenue from leisure activities by AED 6,815 thousand.

TDIC's revenues increased by AED 25,206 thousand to AED 26,887 thousand for the financial year ended 31 December 2007 compared to AED 1,681 thousand for the financial year ended 31 December 2006. The increase was primarily due to an increase of AED 23,671 thousand in revenue that was largely generated by Abu Dhabi Golf Course.

Direct expenses

TDIC's direct expenses increased by AED 457,864 thousand to AED 468,273 thousand for the financial year ended 31 December 2008 compared to AED 10,409 thousand for the financial year ended 31 December 2007. The increase was primarily due to an increase of AED 453,965 thousand in cost of sales expenses related to infrastructure development costs for the four land plots sold on Saadiyat Island in the financial year ended 31 December 2008. A significant portion of this expense has been subsidised by the Government through monetary grants. The value of such grants, however, has not yet been recognised as the underlying infrastructure to which the expenses relate is not yet fully complete.

TDIC's direct expenses increased by AED 10,163 thousand to AED 10,409 thousand for the financial year ended 31 December 2007 compared to AED 246 thousand for the financial year ended 31 December 2006. The increase was primarily due to an increase of AED 10,078 thousand in costs principally related to Abu Dhabi Golf Course.

Abu Dhabi Government contribution

TDIC received a monetary grant from the Government of AED 75,000 thousand for the financial years ended 31 December 2008 and 2007, and AED 50,000 thousand for the financial year ended 31 December 2006. This monetary grant increased in the financial year ended 31 December 2007 pursuant to Resolution No. 7 of the Abu Dhabi Executive Counsel.

Administrative expenses

TDIC's administrative expenses increased by AED 202,074 thousand to AED 339,060 thousand for financial the year ended 31 December 2008 compared to AED 136,986 thousand for the financial year ended 31 December 2007. The increase was primarily due to an increase of AED 59,809 thousand in payroll and staff accommodation payroll and staff accommodation costs as a result of increased headcount resulting from TDIC's expanding operations and, to a lesser extent, increases in legal and professional fees, exhibition costs, advertising costs, and depreciation.

TDIC's administrative expenses increased by AED 70,789 thousand to AED 136,986 thousand for the financial year ended 31 December 2007 compared to AED 66,197 thousand for the financial year ended 31 December 2006. This increase was primarily due to an increase of AED 47,851 thousand for the financial year ended 31 December 2007 in payroll and staff accommodation payroll and staff accommodation costs as a result of increased headcount resulting from TDIC's expanding operations and, to a lesser extent, increases in legal and professional fees, exhibition costs, advertising costs, and depreciation.

Management fees

Management fees paid by TDIC increased by AED 430 thousand, or 46.1 per cent., to AED 1,363 thousand for the financial year ended 31 December 2008 compared to AED 933 thousand for the financial year ended 31 December 2007. The increase was primarily due to an increase of AED 281 thousand in management fees paid for Abu Dhabi Golf Club and additional fees paid for the newly established the Desert Islands Resort & Spa, which opened in October 2008.

Management fees paid by TDIC increased by AED 807 thousand to AED 933 thousand for the financial year ended 31 December 2007 compared to AED 126 thousand for the financial year ended 31 December 2006. The increase was primarily due to additional management fees of AED 822 thousand paid for the Abu Dhabi Golf Course, which was partially offset by a decrease in fees paid for rest houses.

Loss on revaluation of derivative instruments

TDIC's loss on the revaluation of derivative instruments was AED 77,050 thousand for the financial year ended 31 December 2008 and nil for the financial years ended 31 December 2007 and 2006, respectively. This loss was primarily due to changes in the fair value of interest swaps at the reporting date. The average interest rate is based on the outstanding balances at the end of the fiscal year. See "*– Quantitative and qualitative disclosures about market risks – Interest rate risk*".

Finance costs

TDIC's finance costs increased by AED 15,529 thousand to AED 17,976 thousand for the financial year ended 31 December 2008 compared to AED 2,447 thousand for the financial year ended 31 December 2007, and increased by AED 2,429 thousand to AED 2,447 thousand for the financial year ended 31 December 2007 compared to AED 18 thousand for the financial year ended 31 December 2006. The increases were primarily due to increases in TDIC's interest costs on new term loan facilities and existing overdraft facilities.

Finance income

TDIC's interest income increased by AED 5,930 thousand, or 34.8 per cent., to AED 22,930 thousand for the financial year ended 31 December 2008 compared to AED 17,000 thousand for the financial year ended 31 December 2007, and by AED 11,673 thousand to AED 17,000 thousand for the financial year ended 31 December 2007 compared to AED 5,327 thousand for the financial year ended 31 December 2006. The increases were primarily due to higher levels of average cash balances on fixed deposits, which resulted in an increase in interest earned.

Loss on sale of property, plant and equipment

TDIC's loss on property, plant and equipment was AED 313 thousand for the financial year ended 31 December 2008 compared to nil for the financial years ended 31 December 2007 and 2006. The increase was due to write-offs and sales of office furniture and equipment.

Other income

TDIC's other income increased by AED 1,610 thousand to AED 1,950 thousand for the financial year ended 31 December 2008 compared to AED 340 thousand for the financial year ended 31 December 2007. The increase was primarily due to increased income from foreign exchange transactions and the sale of scrap metal and other materials from Sir Bani Yas Island.

TDIC's other income increased by AED 233 thousand to AED 340 thousand for the financial year ended 31 December 2007 compared to income of AED 107 thousand for the financial year ended 31 December 2006. The increase was primarily due to gains on foreign exchange transactions.

Profit from discontinued operations

TDIC's profit from discontinued operations was nil for the financial year ended 31 December 2008 and increased by AED 5,097 thousand to AED 9,324 thousand for the financial year ended 31 December 2007 compared to AED 4,228 thousand for the financial year ended 31 December 2006. This increase was primarily due to the completion of the sale in 2007, which resulted in an AED 23,468 thousand gain on the sale of four hotels purchased from the Government. To a lesser extent, this increase was driven by the fact that the hotels were in place for six months of the financial year ended 31 December 2006, as compared to a longer period on average in the financial year ended 31 December 2007. TDIC sold these hotels during the financial year ended 31 December 2007 and therefore did not receive any profits from such operations in the financial year ended 31 December 2008.

Gain on sale of discontinued operations

TDIC's gain on the sale of discontinued operations was nil in the financial year ended 31 December 2008, AED 23,468 thousand in the financial year ended 31 December 2007 and nil in the financial year ended 31 December 2006. This gain in the financial year ended 31 December 2007 was due to the recognition of income relating to the sale of four hotels during such period.

Liquidity and capital resources

TDIC's primary capital 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 Island infrastructure) or projects that would not be commercially viable without Government support (such as the Louvre Abu Dhabi museum and the Guggenheim Abu Dhabi Museum). From inception to 31 March 2009, 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 18.8 million, AED 75.0 million, AED 75.0 million and AED 50.0 million for the three-month period ended 31 March 2009 and the financial years ended 31 December 2008, 2007 and 2006, respectively.

- 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 March 2009, TDIC had not received any loans from the Government. Since such date, TDIC has received AED 547.0 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. As at 31 March 2009, TDIC had AED 2.8 billion of commercial debt outstanding.

Timing of cash flows

On a cash basis, 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, in cash terms, 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.

This results in TDIC holding significant cash and bank balances (which include cash at hand, current bank accounts and term deposits with an original maturity of less than three months). TDIC is seeking to secure proceeds through the issuance of Notes, additional third party funding and/or additional Government financial support. TDIC believes that the majority of its capital to fund its obligations over the next 12 months will come from Government financial support. As at 31 March 2009, TDIC had bank and cash balances of AED 1.7 billion, borrowings of AED 23.4 million under its overdraft facility, borrowings of AED 2.8 billion under its bank loans and an unused capacity of AED 376.6 million from its overdraft facilities.

Working capital

TDIC's working capital, which represents the amount by which its current assets exceeded its current liabilities, was AED 16,633.5 million, AED 15,109.0 million, AED 15,451.6 million and AED 8,969.1 million as at 31 March 2009 and as at 31 December 2008, 2007 and 2006, respectively. TDIC's cash and cash equivalents (net of amounts drawn down on its overdraft facilities) was AED 1,660.5 million, AED 879.5 million, AED 1,129.1 million and AED 182.6 million as at 31 March 2009 and as at 31 December 2008, 2007 and 2006, respectively.

Current assets

TDIC's current assets increased by AED 1,355.1 million, or 7.4 per cent., to AED 19,740.3 million as at 31 March 2009 from AED 18,385.2 million as at 31 December 2008. The increase was primarily due to: (i) an increase of AED 763.7 million in bank and cash balances primarily related to Government monetary grants received to fund development and operations; and (ii) an increase of AED 604.5 million in land under development related to continued infrastructure development activities on Saadiyat Island.

TDIC's current assets increased by AED 2,406.7 million, or 15.1 per cent., to AED 18,385.2 million as at 31 December 2008 from AED 15,978.5 million as at 31 December 2007. The increase was substantially due to an increase of AED 2,380.0 million in land under development related to continued infrastructure development on Saadiyat Island.

TDIC's current assets increased by AED 6,885.6 million, or 75.7 per cent., to AED 15,978.5 million as at 31 December 2007 from AED 9,092.9 million as at 31 December 2006. The increase was primarily due to: (i) an increase of AED 5,670.0 million in land under development, which consisted primarily of the land contribution of Saadiyat Island and development spending on infrastructure on Saadiyat Island and (ii) an increase of AED 1,046.8 million in bank and cash balances due to the drawdown of loans arranged by a consortium of banks.

Current liabilities

TDIC's current liabilities decreased by AED 169.4 million, or 5.2 per cent., to AED 3,107.0 million as at 31 March 2009 from AED 3,276.2 million as at 31 December 2008. The decrease was primarily due to a decrease in trade payables as a result of timing of payments due to the December 2008 holiday schedule.

TDIC's current liabilities increased by AED 2,749.3 million to AED 3,726.2 million as at 31 December 2008 from AED 526.9 million as at 31 December 2007. The increase was primarily due to an increase of AED 1,039.8 million in contract payments due. These supplier and contractor related increases resulted from an increase in the level of development and construction work being performed and related costs to support these development activities. In addition, TDIC's short term portion of bank borrowings increased by AED 1,000.0 million as a result of the newly established bank loan discussed under "– *Indebtedness*" below.

TDIC's current liabilities increased by AED 403.2 million to AED 526.9 million as at 31 December 2007 from AED 123.7 million as at 31 December 2006. The increase was primarily due to an increase of AED 227.7 million in contract payments due as a result of an increase in the level of development and construction work being performed.

Cash flow

The following table shows TDIC's net cash inflow from operating activities, net cash used in investing activities, net cash inflow from financing activities and the cash and cash equivalents for the three-month periods ended 31 March 2009 and 2008, the financial years ended 31 December 2008, 2007 and 2006:

	For the three-month period ended 31 March		For the financial year ended 31 December		
	2009	**2008**	**2008**	**2007**	**2006**
Summary cash flow			*(AED in millions)*		
Net cash (used in)/generated from operating activities	(776.2)	282.4	(493.1)	(1,045.6)	193.5
Net cash (used in)/generated from investing activities	(876.9)	(177.0)	(2,518.5)	23.0	(110.9)
Net cash generated from financing activities	2,434.2	—	2,762.0	1,969.1	100.0
Cash and cash equivalents at end of year/period	1,660.6	1,234.5	879.5	1,129.1	182.6

Net cash (used in)/generated from operating activities

TDIC's net cash used in operating activities increased by AED 1,058.6 million to AED (776.2) million for the three-month period ended 31 March 2009 from net cash from operating activities of AED 282.4 million for the three-month period ended 31 March 2008. The increase was primarily due to a reduction in trade payables, as well as, to a lesser extent, a larger net loss for the three-month period ended 31 March 2009 compared to the three-month period ended 31 March 2008.

TDIC's net cash used in operating activities decreased by AED 552.5 million to AED (493.1) million for the financial year ended 31 December 2008 from AED (1,045.6) million for the financial year ended 31 December 2007. The decrease was primarily driven by changes in working capital including: (i) an increase in trade and other payables; and (ii) an increase in cash advances received from customers, partially offset by an increase in spending on development work-in-progress. Both of these movements in working capital were largely offset by the increase in the level of development activities performed on various projects during the financial year ended 31 December 2008.

TDIC's net cash used in operating activities increased by AED 1,239.1 million to AED (1,045.6) million for the financial year ended 31 December 2007 from AED 193.5 million for the financial year ended 31 December 2006. The increase was primarily due to an increase in spending on development work-in-progress related to the development of infrastructure on Saadiyat Island during the financial year ended 31 December 2007.

Net cash (used in)/from investing activities

TDIC's net cash used in investing activities increased by AED 699.9 million to AED (876.9) million for the three-month period ended 31 March 2009 from AED (177.0) million for the three-month period ended 31 March 2008. The increase was primarily due to an increase in capital work-in-progress over the three-month period ended 31 March 2009 on TDIC's development projects that are included in property, plant and equipment.

TDIC's net cash used in investing activities increased by AED 2,541.5 million to AED (2,518.5) million for the financial year ended 31 December 2008 from AED 23.0 million of net cash from investing activities for the financial year ended 31 December 2007. The increase was primarily due to an increase in capital work-in-progress over the financial year ended 31 December 2008 on TDIC's development projects that are included in property, plant and equipment.

TDIC's net cash from investing activities increased by AED 133.9 million to AED 23.0 million for the financial year ended 31 December 2007 from AED (110.9) million of net cash used in investing activities for the financial year ended 31 December 2006. The increase was primarily due to the receipt of proceeds in the financial year ended 31 December 2007 from the sale of four hotels previously purchased from the Government.

Net cash generated from financing activities

TDIC's net cash from financing activities increased to AED 2,434.2 million for the three-month period ended 31 March 2009 from nil for the three-month period ended 31 March 2008 due to TDIC's receipt of a Government grant for such amount.

TDIC's net cash from financing activities increased by AED 792.9 million, or 40.3 per cent., to AED 2,762.0 million for the financial year ended 31 December 2008 from AED 1,969.1 million for the financial year ended 31 December 2007. The increase was primarily due to an increase of Government grants of AED 1,615.0 million received by TDIC to fund continuing or newly identified development projects. This increase was partially offset by a decrease in the level of new borrowings, as TDIC borrowed AED 1,000 million in the financial year ended 31 December 2008 compared with AED 1,822 million of loans arranged by consortiums of banks in the financial year ended 31 December 2007.

TDIC's net cash from financing activities increased by AED 1,869.1 million to AED 1,969.1 million for the financial year ended 31 December 2007 from AED 100.0 million for the financial year ended 31 December 2006. The increase was primarily due to AED 1,822.1 million of drawdowns on loans arranged by consortiums of banks to support TDIC's growing business.

Indebtedness

As at 31 March 2009, TDIC's total indebtedness was AED 2,845.5 million, consisting of AED 1,000.0 million of short-term indebtedness, AED 1,822.1 million of long-term indebtedness and AED 23.4 million drawn down under its current overdraft facilities. All of TDIC's total outstanding indebtedness was unsecured. As an internal company policy, TDIC does not borrow funds through third party financings that exceed 100 per cent. of its equity. Under certain of its loan agreements, TDIC has also agreed to limit its financial indebtedness to an aggregate amount not to exceed USD 5.0 billion.

The following table sets forth the principal amount outstanding under each of TDIC's debt instruments as at 31 March 2009:

Debt instrument	Banks	Principal amount	Amount outstanding
		(AED in thousands)	
AED 200 million overdraft facility	National Bank of Abu Dhabi PJSC	200,000	23,440
AED 200 million overdraft facility	Union National Bank	200,000	—
USD 360 million bank loan	USD 72 million loan tranche from each of Abu Dhabi Commercial Bank PJSC, HSBC Bank Middle East Limited, BNP Paribas and National Bank of Abu Dhabi PJSC	1,057,248	1,057,248
	AED 265 million loan from Standard Chartered Bank	264,816	264,816
AED 500 million bank loan	National Bank of Abu Dhabi PJSC, HSBC Bank Middle East Limited and Standard Chartered Bank	500,000	500,000
AED 1,000 million bank loan	Abu Dhabi Commercial Bank PJSC	1,000,000	1,000,000
		3,222,064	2,845,504

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 the nature of the underlying projects to be financed in order to secure the optimal financing for each of its projects.

TDIC enters 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 March 2009, the notional value of TDIC's interest rate swap contracts was AED 1.6 billion. See Note 3 "Summary of significant accounting policies" of TDIC's Year-End Financial Statements and "– *Critical accounting estimates and judgments*" for further information on the valuation of its financial liabilities.

Short-term indebtedness

TDIC's short-term indebtedness decreased by AED 17,436 thousand to AED 1,023.4 million as at 31 March 2009 from AED 1,040.9 million as at 31 December 2008, increased by AED 937.8 million to AED 1,040.9 million as at 31 December 2008 from AED 103.1 million as at 31 December 2007, and increased by AED 100.4 million to AED 103.1 million as at 31 December 2007 from AED 2.7 million as at 31 December 2006.

As at 31 March 2009, TDIC had the following short-term facilities in place:

(a) overdraft facility of AED 200 million from the National Bank of Abu Dhabi PJSC of which AED 23.4 million was drawn down as at 31 March 2009. The loan is repayable on demand and carries interest of EIBOR + 1.50 per cent.;

(b) overdraft facility of AED 200 million from the Union National Bank, none of which was drawn down as at 31 March 2009. The facility is repayable on demand and carries interest of EIBOR + 1.50 per cent.; and

(c) loan of AED 1.0 billion from the Abu Dhabi Commercial Bank PJSC. The loan is repayable in December 2009 and carries interest at EIBOR + 3.00 per cent.

For further information on TDIC's short-term facilities, see "*Material Contracts – Financing Agreements*".

Since 31 March 2009, TDIC has not incurred any material short-term indebtedness, but due to the fact that all its outstanding long-term indebtedness matures in 2010, if TDIC does not refinance this debt, it will become short-term debt in its coming financial periods.

Long-term indebtedness

TDIC's long-term indebtedness was AED 1,822.1 million as at each of 31 March 2009, 31 December 2008 and 31 December 2007. TDIC had no long-term indebtedness as at 31 December 2006.

As at 31 March 2009, TDIC had the following long-term facilities in place:

(a) term loan of AED 500 million from three banks which was fully drawn down as at 31 March 2009. The loan is repayable in May 2010 and carries interest at EIBOR + 0.45 per cent.; and

(b) revolving credit facility of USD 360 million from five banks which was fully drawn as at 31 March 2009. The credit facility consists of two bank loans of USD 288 million carrying interest at LIBOR +0.35 per cent. and AED 265 million carrying interest at EIBOR + 0.35 per cent., each of which is payable on a quarterly basis and repayable in December 2010.

For further information on TDIC's long-term facilities, see "*Material Contracts – Financing Agreements*".

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		
	2008	2007	2006
		(AED in millions)	
Saadiyat Island	550.8	126.0	22.8
Desert Islands	46.8	49.6	72.9
Other	1,844.1	31.0	92.0
Total	**2,441.7**	**201.6**	**187.7**

Contractual commitments

As at 31 March 2009, TDIC had contractual commitments related to its material contracts of AED 3,958.0 million. For a summary of TDIC's material contracts, please 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 March 2009 are shown in the table below:

	Less than 1 year	1 - 5 years	More than 5 years	Total
		(AED in millions)		
Construction	596.0	—	—	596
Design	117.0	—	307.0	424.0
Other	—	146.0	2,792	2,938.0
Total	**713.0**	**146.0**	**3,099**	**3,958.0**

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 25 "Financial instruments" of TDIC's Year-End Financial Statements contains 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. As 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 – Indebtedness*" for further information.

As part of TDIC's interest rate risk mitigation, it has engaged in five interest rate swaps to fix the interest rates on AED 1.6 billion, which represents approximately 55 per cent. of its total debt, which bears interest at variables rates. However, due to the inconsistency in tenures between TDIC's debt and its derivatives, TDIC has not designated these as hedges for accounting purposes as it did not believe they would be effective accounting hedges. As a result, TDIC's derivative instruments are recorded initially on the balance sheet 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 income statement. Subject to movements in the relevant interest rates, these financial instruments may yield a positive or negative impact on TDIC's income statement.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, TDIC's profit for the year ended 31 December 2008 would increase/decrease by AED 14.3 million.

Credit risk

TDIC's assets, including its cash at banks and accounts receivable, may be exposed to credit risk should any counter party 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 March 2009, bank balances and cash totalled AED 1.7 billion and the availability under TDIC's short-term facilities was AED 376.6 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 exchange 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 enter 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 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 adversely affected if the U.A.E. dirham/U.S. dollar peg were to be removed or adjusted*".

Recent Developments

Since 31 March 2009, TDIC has received further Government financial support in the form of an AED 547.0 million Government loan and an AED 359.0 million monetary grant to assist with a number of TDIC's projects. The Government loan comprises part of a larger facility, the terms of which are currently being negotiated by TDIC with the Government.

On 8 June 2009, TDIC finalised a term sheet relating to a three-year term loan in the amount of AED 300.0 million with Union National Bank. TDIC is currently in the process of negotiating the loan documentation.

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 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. See "*The Abu Dhabi Government's Development Strategy*", "*Relationship with the Government*" and "*Shareholder and Related Party Transactions – Sole Shareholder of TDIC*".

TDIC is currently master developing over 55 projects with, as at 31 March 2009, an estimated consolidated total capital cost of over AED 124 billion. These projects can be grouped into the following three key areas:

- **Saadiyat Island** 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 Island 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 Island is designed to include various museums, including the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi museum; a performing arts centre; two golf courses; several marinas; approximately 492,000 square metres of retail space; approximately 30 hotels; approximately 2,500 villas and town houses; and approximately 48,000 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 Island is designed to house approximately 150,000 residents, is expected to be substantially completed around 2020 and as at 31 March 2009 represented approximately 74 per cent. of TDIC's budgeted capital costs. See "*– Overview of Significant Projects – Saadiyat Island*".

- **The Desert Islands** are a grouping of seven 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 11 resorts and spas (consisting of 1,444 rooms), 528 branded residential villas, a golf course, 666 villas and apartments, two palaces, 22,000 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 project is expected to be completed in 2015 and, as at 31 March 2009, represented approximately 13 per cent. of TDIC's budgeted capital costs. See "*– Overview of Significant Projects – The Desert Islands*".

- **Other Projects in Abu Dhabi** currently under development include: (i) Qasr Al Sarab; (ii) Angsana Resort and Spa Eastern Mangroves; (iii) Abu Dhabi Golf Resort; (iv) TDIC and ADTA Headquarters; (v) Hodariyat Crossing; and (vi) Qasr Al Ain Hotel. As at 31 March 2009, these other projects represented approximately 13 per cent. of TDIC's budgeted capital costs. See "*– Overview of Significant Projects – Other Projects*".

As a master developer, 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. TDIC's estimated consolidated total capital cost as at 31 March 2009 was over AED 124 billion, of which infrastructure represented 42 per cent., culture 21 per cent., hospitality/leisure 17 per cent., residential 6 per cent. and commercial/mixed-use 14 per cent.

	Infrastructure	Culture	Hospitality / Leisure	Residential	Commercial / Mixed-Use
Saadiyat Island	Saadiyat Island Infrastructure	Louvre Abu Dhabi museum	Gary Player Golf Course and Academy	Saadiyat Marina SM4-11	Cultural District Souk and Canal
		Guggenheim Abu Dhabi Museum	St. Regis Resort	Saadiyat Beach Villas and Apartments	
		Zayed National Museum		Saadiyat Construction Village	
Desert Islands	Desert Islands Infrastructure	—	Sir Bani Yas Lodges	Sir Bani Yas Royal Bay Residences	—
Other	Hodariyat Crossing	U.A.E. Military Museum	Abu Dhabi Golf Club	—	TDIC/ADTA Headquarters
			Angsana Resort and Spa Eastern Mangroves		
			Qasr Al Ain Palace Hotel		

TDIC's 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: (i) entities such as the Guggenheim, the Louvre, Gary Player, St. Regis Hotels and Resorts ("**St. Regis**"), Westin Hotels and Resorts ("**Westin**"), Troon Golf Course Management Company ("**Troon Golf**") and Angsana Hotels and Resorts ("**Angsana**"); and (ii) architectural firms such as Gehry Partners LLP, Foster + Partners Ltd., and Ateliers Jean Nouvel.

TDIC has been assigned ratings of Aa2 (stable outlook) by Moody's and AA (stable outlook) by Standard & Poor's and Fitch. These ratings are 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*".

TDIC's Relationship with the Government

Abu Dhabi's leaders have a long-term strategy to diversify Abu Dhabi's economy away from its reliance on oil and gas as the single major revenue source. Accordingly, the Government published its Policy Agenda, which established high-level, long-term policy agendas to drive, among other things, programmes for economic and social change in Abu Dhabi. The strategy for economic development includes the development of a high-end tourism market as one of its core focuses, with the goal of attracting three million visitors per year by 2015. See "*The Abu Dhabi Government's Development Strategy – Policy Agenda*". The Policy Agenda specifically identifies TDIC as the mandated vehicle to manage tourism investment in Abu Dhabi and to deliver on the strategy of the Government and ADTA.

TDIC receives a significant amount of Government contributions to support its operations. From inception to 31 March 2009, Government contributions consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100.0 million and contributions of land and other assets of AED 18.6 billion) and monetary grants of AED 4.4 billion (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview – Financial Support from the Government*"). In the future, TDIC expects to receive significant financial support from the Government.

In addition, H.H. Sheikh Sultan Bin Tahnoon Al Nahyan, a member of the Executive Council of Abu Dhabi, acts as the Chairman of both TDIC and ADTA.

See "*Relationship with the Government*", "*Management*" and "*Shareholder and Related Party Transactions*".

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 – Sole Shareholder of TDIC*".

The Government and ADTA have made land and other asset grants to TDIC in 2006, 2007 and 2008, including the transfer of: (i) Saadiyat Island; and (ii) the rights to operate and develop Sir Bani Yas Island. As at 31 March 2009, these land and asset grants from the Government have contributed AED 18.6 billion to shareholders' equity.

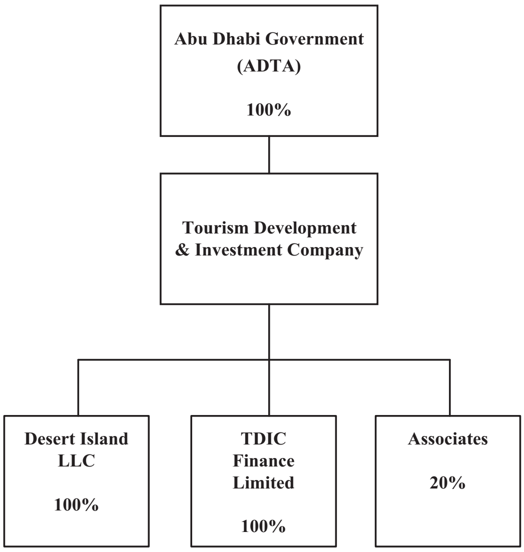
Principal events during TDIC's history include:

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**") enter 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 Island 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.
November 2007	A 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.
	A trademark license agreement entered into between ADTA and SRGF.
	An operating agreement term sheet entered into between ADTA and SRGF relating to the operation of the Guggenheim Abu Dhabi Museum.

	Architectural design services agreement entered into between TDIC and Ateliers Jean Nouvel relating to the design of the Louvre Abu Dhabi museum.
January 2008	Services Agreement entered into between TDIC and Agence-France Museums S.A.S. relating to the design, construction, operation and training of staff for the Louvre Abu Dhabi museum.
	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.
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.
May 2009	Ground-breaking ceremony for the Louvre Abu Dhabi museum.

Corporate Structure

The following diagram sets forth TDIC's current corporate structure as at the date of this 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 contributed land, TDIC has taken a 20 per cent. equity stake in each of B2B Hotels & Properties LLC (formed in 2008), Emirates Pearl for Development & Investment LLC (formed in 2008), Parc Hospitality Investment LLC (formed in 2007) and Qaryat Al Beri Resort Development Co LLC (formed in 2008). See "*– Associates and Strategic Alliances*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical estimates and judgments – Investments in Associates*".

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. TDIC currently holds a 20 per cent. equity stake in Abu Dhabi Finance Company, however, TDIC expects to transfer its entire shareholding in Abu Dhabi Finance Company to Mubadala.

In 2008, TDIC established Desert Islands LLC; a wholly owned subsidiary which will run TDIC's operations on Sir Bani Yas Island.

Strategies

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

Enhance TDIC's position as the Government's trusted partner for development projects

TDIC was established by the Government in October 2005 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 Island and the Desert Islands, and may receive additional Government mandates as development in Abu Dhabi progresses. In particular, the Government has envisaged the development of Saadiyat Island for many years and has determined that TDIC is the appropriate body to manage its development.

Through a focus on execution excellence, TDIC works to meet the Government's expectations with respect to those projects that TDIC has been awarded in order to achieve excellence and demonstrate TDIC's skills in both master developing and general project execution. TDIC continues to look for opportunities to enhance its overall relationship with the Government by reinforcing its role as an essential component and trusted partner in the realisation of the Government's vision.

Successfully execute 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 over 55 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 with the goal of establishing them as world-class attractions that further establish Abu Dhabi as a premier international tourist destination. TDIC 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, and thereby serve as a means to promote international dialogue and multicultural understanding and ultimately ensure TDIC's success.

Continue to build execution capacity and enhance TDIC's team through strategic growth

Whilst TDIC has significant internal resources and plans to maintain its streamlined and flexible structure in the future, TDIC is nevertheless growing quickly due to the fact that it has continually taken on additional projects throughout its history. Accordingly, as TDIC continues to execute additional projects from its existing pipeline of projects, TDIC 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 opportunistically 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.

Continue 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 that its affiliates, including the Government, 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. Furthermore, TDIC believes that its relationships with internationally recognised partners such as the Guggenheim, the Louvre, Gary Player, St. Regis, Westin, Troon Golf, Angsana, Gehry Partners LLP, Foster + Partners Ltd. and Ateliers Jean Nouvel provide it with excellent additional execution and operational capacity and that such relationships enhance TDIC's credibility throughout the U.A.E., the Gulf region and internationally. In addition, in connection with TDIC's development of the Louvre Abu Dhabi museum, TDIC is implementing 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.

TDIC takes a detailed interest in its strategic relationships and, therefore, whenever TDIC forms an association or contractual agreement, TDIC 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 TDIC's overall master developments. TDIC believes that through finding and developing strong partners in and from 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.

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 Government's Policy Agenda specifically mandates TDIC and contemplates certain of TDIC's projects. TDIC also benefits from the strong financial support from the Government. From inception to 31 March 2009, Government contributions consisted of AED 18.7 billion in capital contributions (consisting of the initial equity contribution of AED 100.0 million and contributions of land and other assets of AED 18.6 billion) and monetary grants of AED 4.4 billion (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview – Financial Support from the Government*"). Because 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.

Recognised track record for planning Saadiyat Island master development and successful track record for project development

TDIC believes that it has a successful track record as a result of its master planning of Saadiyat Island and the completion of other projects and developments throughout Abu Dhabi such as the Desert Islands Resort & Spa. TDIC has substantially completed the master plan for Saadiyat Island's entire area of 27 square kilometres and the primary infrastructure on Saadiyat Island, including the Mina Temporary Link, Saadiyat Bridge and Saadiyat Link. Throughout TDIC's involvement with the Saadiyat Island project, interest from international developers has been strong, which TDIC's management believes underscores the popularity of its master plan.

As a master developer TDIC is able to phase, manage and control the construction and release of its projects which gives TDIC significant flexibility in operating its business. This is further enhanced by TDIC's strong pipeline of projects which run through to 2020

As a master developer, TDIC is managing the development of Saadiyat Island 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 which will run through 2020, 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 delay the release and sale of such projects if TDIC determines that the potential sales price would not reflect the underlying value of its projects and properties. Furthermore, this flexibility also allows TDIC the ability to manage its cash flows and to assist it in financing its projects.

Additionally, in terms of overall benefits for 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 and, hopefully, realise greater value and attract the best possible purchasers, both in terms of sub-developers and end-users, through its careful pre-screening of potential buyers and scheduling 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 those 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 Island and the Desert Islands, which are extremely large in scale.

Furthermore, the Government has, largely based on TDIC's work on Saadiyat Island, 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 Desert Islands Resort & Spa, Qasr Al Sarab and the Gary Player Saadiyat Beach Golf Course and Academy.

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 the Saadiyat Island project, TDIC has entered into development, management and other agreements with internationally recognised partners such as The Solomon R. Guggenheim Foundation, the Louvre, Gary Player, St. Regis, Westin, Troon Golf and Angsana. TDIC has also been able to develop relationships with a number of internationally renowned architects such as Gehry Partners LLP (the Guggenheim Abu Dhabi Museum), Ateliers Jean Nouvel (the Louvre Abu Dhabi museum) and Foster + Partners Ltd. (the Zayed National Museum). In addition, through TDIC's connection with the Government, TDIC has been able to establish relationships and benefit 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 implementing an intergovernmental agreement between the U.A.E. government and the Government of France which sets the groundwork for the creation of the Louvre Abu Dhabi museum. Through these relationships, TDIC has been able to obtain 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 grown its team carefully through a thoughtful and rigorous process of recruiting individuals that TDIC believes are the best possible candidates to ensure the success of its developments and operations. Through this process, TDIC has built a professional and committed senior management team that consists of 11 persons with an average of 17 years of 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.

Project Development

A master planned project's development 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 study
- 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 permissions
- 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

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 Government's 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 (development, design, construction management, sales, finance and marketing). 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 its final completion and delivery. See "*Management – Departments*".

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 (hotel, residential, retail, offices, etc.), pricing information, sale and lease 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 and the Abu Dhabi Environmental Agency 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 asset management group 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*".

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 Island infrastructure) or projects that would not be commercially viable without Government support (such as the Louvre Abu Dhabi museum and the Guggenheim Abu Dhabi Museum). From inception to 31 March 2009, TDIC has received AED 4.4 billion of monetary grants from the Government.

- Government loans are used as an alternative to commercial debt to finance projects which TDIC anticipates will generate revenue upon completion. As at 31 March 2009, TDIC had not received any loans from the Government. Since such date, TDIC has received AED 547.0 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. As at 31 March 2009, TDIC has AED 2.8 billion of commercial debt outstanding.

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 (for example, 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 or 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 in 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 grants are typically set aside by the Government and drawn down on a quarterly basis by TDIC. Where TDIC recognises a shortfall in the funds its requires to fulfil its investment objectives for the year, it may request additional funds from the Government during the course of the year.

Government support is a fundamental part of TDIC's business operation 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

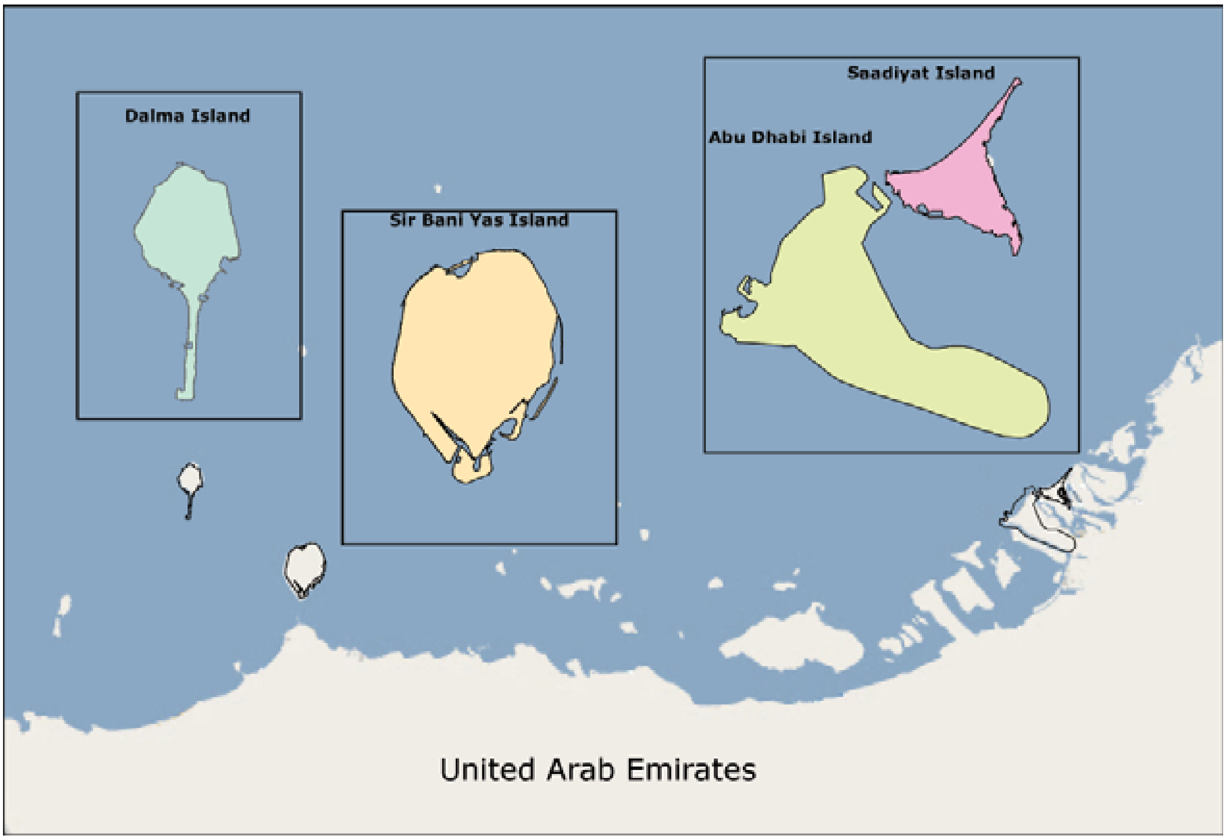
For its residential and commercial projects, TDIC structures its sales and leasing practices to: (i) prevent inflation caused by speculative investors; (ii) support the overall value of its master developments; and (iii) ensure it maintains the goodwill of U.A.E. citizens. TDIC undertakes a careful screening 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. In addition, 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.

Where a project involves commercial and/or residential development (for example, the commercial leasing of floor space at the TDIC and ADTA Headquarters or the sale of residential developments on Saadiyat Island), 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. To date, TDIC has sold 240 villas, 14 land sites and five hotel sites on Saadiyat Island.

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, TDIC typically will receive an initial deposit (which typically 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 when the sales contract is signed with further payments (typically 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 above, these projects are generally located in two key project areas: (i) Saadiyat Island, 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. Each of these project areas is described further below.

The following table presents TDIC's most significant current projects by project area and project type. A more detailed description of each is set forth below. For a table setting forth TDIC's complete project portfolio, see "*Annex A*":

Project Name	Phase	Funding Source	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED millions)
Saadiyat Island					
Infrastructure					
Saadiyat Island Master Plan Infrastructure	Design/ Construction	GG	2006	2018	35,690
Cultural					
Louvre Abu Dhabi Museum	Design	GG/GL	Design: January 2008 Construction: May 2009	2013	Aggregate cultural costs 18,500*
Guggenheim Abu Dhabi Museum	Design	GG/GL	Design: June 2008 Construction: Q4 2009	2014	Aggregate cultural costs 18,500*
Zayed National Museum	Design	GG	Design: August 2008 Construction: Q3 2009	2013	Aggregate cultural costs 18,500*

* Represents the aggregate estimated project costs of the Louvre Abu Dhabi museum, the Guggenheim Abu Dhabi Museum and the Zayed National Museum.

Project Name	Phase	Funding Source	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED millions)
Hospitality/Leisure					
Gary Player Saadiyat Beach Golf Course and Academy	Construction	CDF	Construction of Academy: January 2009 Construction of Golf Course: April 2008	2011	526
St. Regis Resort	Re-tendered	CDF	Q4 2007	2011	2,181
Residential					
Saadiyat Beach Villas (Phase One)	Design/ Tender/ Construction	CDF	Q3 2009	2013	2,412
Saadiyat Beach Apartments	Design/ Tender/ Construction	CDF	2010	2013	1,327
Saadiyat Construction Village	Construction	CDF	May 2008	Q4 2009	905.0
Commercial/ Mixed Use					
Cultural District Souk and Canal	Concept	CDF	Design commenced in Q1 2009	2013	3,875
Saadiyat Marina SM4-11	Design	CDF	Q3 2009	2014	2,709
Desert Island					
Infrastructure					
Desert Island Infrastructure	Concept/Design	GG	Q3 2009	2015	736
Hospitality/Leisure					
Sir Bani Yas Lodges	Concept/Design	GL	Q3 2009	Q1 2010 and 2011	795
Residential					
Sir Bani Yas Royal Bay Residences	Concept/Design	CDF	Q3 2009	2013	2,175
Other					
Infrastructure					
Hodariyat Crossing	Design/Tender/ Construct	GG	Q3 2009	Q1 2012	811
Cultural					
U.A.E. Military Museum	Concept	GG	2011	2014	–
Hospitality/Leisure					
Qasr al Sarab	Construction	CDF	Q4 2007	Q4 2009	1,908
Qasr Al Ain Hotel	Concept	GG	Q2 2009	Q4 2012	4,832
Abu Dhabi Golf Resort	Re-tendered	CDF	Q4 2007	2010	1,801
Angsana Resort and Spa Eastern Mangroves	Re-tendered	CDF	Q4 2007	2011	1,738
Commercia/Mixed Use					
TDIC/ADTA Headquarters	Construction	GG/ CDF	2007	Q2 2011	1,336

Key

GG	Government Grants
GL	Government Loan
CDF	Commercial Debt Financing

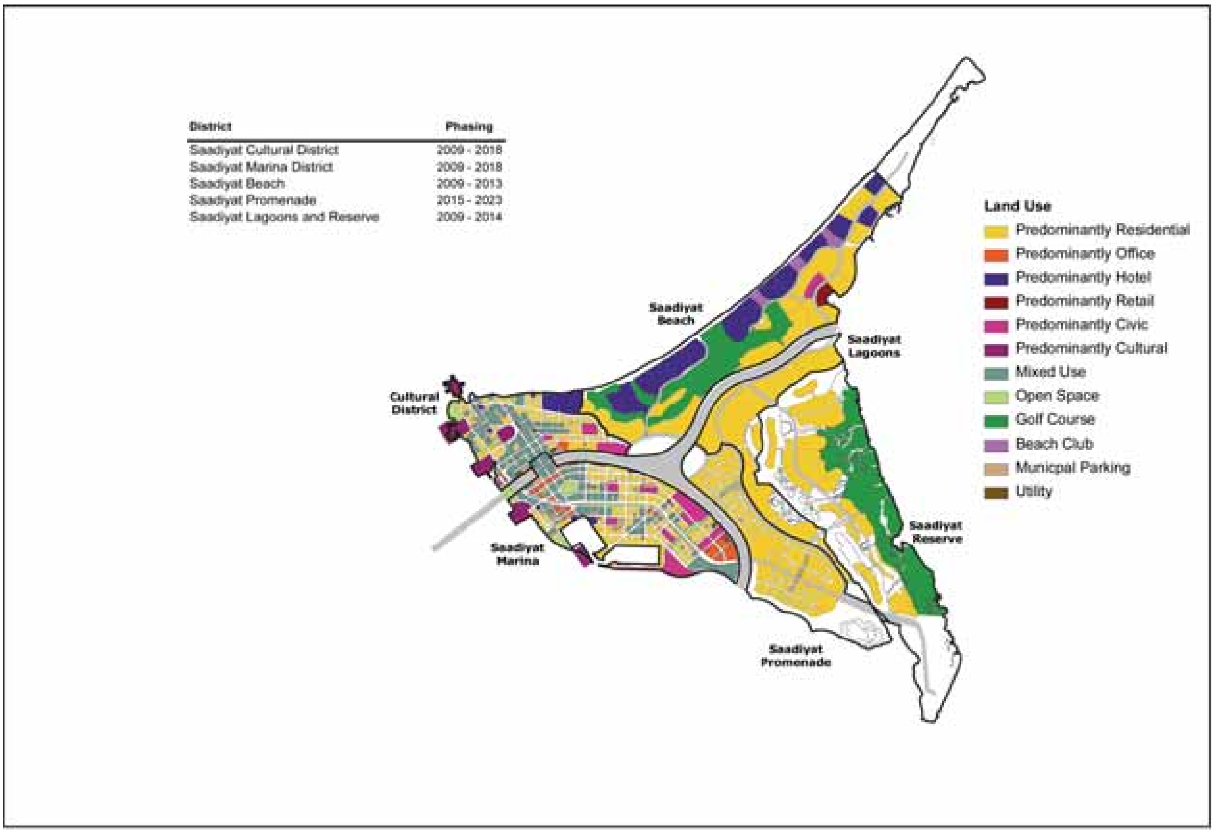
Saadiyat Island

Overview

The master development of Saadiyat Island is one of TDIC's flagship projects. With a range of leisure, cultural and residential facilities, TDIC believes that Saadiyat Island will be both a premier tourist destination as well as a modern integrated residential community. Saadiyat Island covers an area of approximately 27 square kilometres and is located less than one kilometre east of the Meena district of Abu Dhabi island. The island is designed to include museums (including the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi museum), a Performing Arts Centre, two golf courses, several active marinas, as well as built-up areas representing 490,000 square metres of retail space, 2,926,000 square metres of office space, 9,025,000 square metres of residential space, 1,601,000 square metres of hospitality space, 718,000 square metres of civic facilities and 207,000 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 150,000 residents. The total gross built up floor area of the developments on Saadiyat Island is expected to exceed 16 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, TDIC owns all the land comprising Saadiyat Island having been granted such land by the Government.

TDIC's completed master plan for Saadiyat Island 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 District, 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 Island'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 District, designed to feature mid range and luxury low and medium rise waterfront housing along the shallow lagoons; (vi) Saadiyat Marina District, designed to include waterfront food and beverage outlets 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.

Saadyiat Island



Infrastructure

Saadiyat Island Infrastructure

As part of TDIC's Saadiyat Island master plan, TDIC is developing the island's infrastructure, including roads, bridges, canals, waste and water treatment plants, cooling plants, water networks, reservoirs and irrigation systems. Certain infrastructure projects, such as the temporary access road, enabling works and the bulk earthworks for Saadiyat Beach, have already been completed. Saadiyat Bridge, which will connect the island to the heart of Abu Dhabi island, is being built by a joint venture between Saif bin Darwish and E D Zublin AG and is expected to be completed in the fourth quarter of 2009. Other ongoing infrastructure projects include the permanent Saadiyat Mina Link (a five lane expressway tunnel that connects Saadiyat Island with the Corniche and Salam Street tunnels on Abu Dhabi island), the Saadiyat Waste Water Treatment Plant which is currently in the tender phase and scheduled for completion in 2011 and the mangroves nursery. Saadiyat Island's entire infrastructure is expected to be completed in 2018. The total capital cost of the infrastructure for Saadiyat Island is estimated at AED 35.7 billion. For a further description of the infrastructure projects planned for Saadiyat Island, see "*Annex A*".

Culture

The Cultural District of Saadiyat Island, through its leading museums and performing arts centre, is designed to position Abu Dhabi as a leading tourist destination in the Middle East. The Saadiyat Island Cultural District will feature the first Louvre museum outside of France and the largest Guggenheim museum in the world. 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 museum operating bodies (each, a "**Museum Operating Body**"). Each Museum Operating Body is expected to be created before the end of 2009. As at 31 March 2009, the total capital cost of TDIC's cultural projects on Saadiyat Island is estimated to be AED 18.8 billion.

The Louvre Abu Dhabi Museum

On 6 March 2007, the government of the U.A.E. and the government of France entered into the Intergovernmental Agreement setting the groundwork for the development of the first Louvre museum outside of France. See "*Material Contracts – Louvre Abu Dhabi Museum – L'Etablissement Public du Musée du Louvre*". Currently in the design phase, the Louvre Abu Dhabi museum is being 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 new waterfront site on which the Louvre Abu Dhabi museum will be built was made available for enabling works in May 2009. The ground breaking ceremony took place in June 2009 and the museum is expected to be completed in 2013.

The Guggenheim Abu Dhabi Museum

On 8 July 2006, TDIC entered into a memorandum of understanding with the Solomon R. Guggenheim Foundation pursuant to which TDIC has been granted rights to construct the largest Guggenheim museum in the world and the only Guggenheim museum in the Middle East. The museum is currently in the design stage and is designed to include a gross floor area of approximately 77,190 square metres. The museum is being designed by Gehry Partners and will exhibit modern and contemporary art. The new waterfront site on which the Guggenheim Abu Dhabi Museum will be built was made available for enabling works in May 2009 and the museum is expected to be completed in 2014.

The Zayed National Museum

The Zayed National Museum is being designed by Foster + Partners Ltd. and is in the design stage. The museum will present Emirati culture and convey the life and experiences of his late Highness Sheikh Zayed Bin Sultan Al Nahyan, the Founder 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 over 43,000 square metres, including approximately 7,000 square metres of exhibition space. TDIC has entered into an agreement with an internationally recognised cultural institution to which it will assist with the development of the museum. The prominent Cultural District canal side site on which the Zayed National Museum will be built was made available for enabling works in April 2009, and construction work and is expected to begin on site in the third quarter of 2009.

Other

In addition to the museums described above, the Cultural District is also designed to include a number of cultural pavilions along the canal. In addition, the Cultural District is designed to host a Performing Arts Centre, housing a number of theatres with a combined seating capacity of approximately 6,300. The adjacent Marina District 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. For a further description of the cultural projects on Saadiyat Island, see "*Annex A*".

Hospitality/Leisure

The Gary Player Saadiyat Beach Golf Course and Academy

The 18-hole championship Saadiyat Beach Golf Course and Academy has been designed by the Gary Player Group and will be located adjacent to eight hotels and a residential community. The golf course includes a gross land area of approximately 1,246,158 square metres and a gross floor area, consisting primarily of the academy, of approximately 2,500 square metres. TDIC has engaged Leighton Contracting (Abu Dhabi) LLC ("**Leighton**") as the project's main contractor and seven of the 18 holes having already been sculpted. In addition, TDIC has engaged Troon Golf Suisse Sàrl, a well-known and experienced golf course operator, to oversee the project's future operations. The golf course and golf academy are expected to be completed in the third quarter of 2009 and the clubhouse is expected to be completed in 2011. The total capital cost of the Saadiyat Beach Golf Course and Academy is estimated at AED 526.7 million.

St. Regis Resort

St. Regis Resort is designed to include a luxury hotel and residential community surrounding the Gary Player Saadiyat Beach Golf Course. The project will include 380 hotel rooms, 259 branded residential apartments, 33 signature villas, 75 villas, and approximately 3,000 square metres of retail space. TDIC has engaged Mirage Mille 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*". Construction commenced in the third quarter of 2008 and the project is expected to be completed in 2011. The total capital cost of the St. Regis Resort is estimated at AED 2.2 billion.

Other

In addition to the projects described above, TDIC is also currently developing a Beach Retail Commercial Centre, two five-star beach resorts designed to offer 400 hotel rooms and 200 branded residential units, a luxury business resort designed to offer 250 hotel rooms and 125 branded residential units and a Saadiyat branded beach club. For further details, see "*Annex A*".

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. The Saadiyat Beach Villas project consist of 624 villas, 237 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. nationals. Saadiyat Beach Villas have three villa/townhouse styles: Arabian, Mediterranean and Contemporary. Interiors have been designed by California's Creative Design Consultants.

The construction of the villas and associated community facilities is currently out to tender, with construction of the first phase of 295 villas to commence in the third quarter of 2009. Eleven villas are scheduled to be delivered in the second quarter of 2010 to showcase the villa designs for sales and marketing purposes. The total capital cost of the Saadiyat Beach Villas is estimated at AED 2.4 billion.

The Saadiyat Beach Apartments and community facilities are planned to be the first medium density residential development available on Saadiyat Island. 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 980 apartments constructed in several phases by 2013, the first of which will commence construction in the first quarter of 2010. The concept design for each apartment building was undertaken by AN Design International. Detailed design of the project is currently underway by lead consultant GHD Pty Ltd. The first phase of apartments (495 units) will be developed to lease over a two-year period followed by a phased sales programme staggered over an additional two years. The total capital cost of the Saadiyat Beach Apartments is estimated at AED 1.3 billion.

Saadiyat Construction Village

The Saadiyat Construction Village is designed to house approximately 20,000 workers engaged in the construction of various projects on and around Saadiyat Island 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 Island, after which time the housing will be removed from the island to make land available for other developments. The village will include dining areas, sports and leisure facilities, shops, internet booths, recreational parks and laundry facilities. The accommodation is being 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 the project is expected to be completed in the fourth quarter of 2009. The total capital cost of the Saadiyat Construction Village is estimated at AED 905.0 million.

Other

In addition to the projects set forth above, TDIC is additionally in the design phase for three other residential offerings: Saadiyat Marina SM4-13, a residential area which will include a hotel, office space, marina residences and retail offerings; Island Lagoon Villas and Apartments; and Saadiyat Reserve Villas. For further information, see "*Annex A*".

Commercial/Mixed-Use

Saadiyat Marina SM4-11

Saadiyat Marina SM4-11 is expected to be one of Saadiyat Island's primary residential districts. The project is designed to include a hotel with 350 rooms, a number of villas and apartments, approximately 7,250 square metres of retail area and approximately 60,000 square metres of commercial space. The project is currently in pre-concept design stage and is expected to break ground in early 2010 for a planned completion of 2014. This project will form part of the Saadiyat Marina District which is located between the Cultural District and the Saadiyat Marina. The project is located on a large oval shaped park and forms part of the Marina District high street precinct. The total capital cost of the Saadiyat Marina SM4-11 is estimated at AED 2.7 billion.

The Cultural District Souk and Canal

The Cultural District Souk and Canal 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 116,000 square metres of office space (targeting creative and knowledge-based industries), approximately 49,700 square metres of retail space and 586,600 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. TDIC has commenced concept design of the various features along the canal. 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.

Other

In addition to the Cultural District Souk and Canal, TDIC is also in the design phase of the Saadiyat Land Bridge which is a mixed use link between the Cultural and Marina districts of Saadiyat Island. For further information, see "*Annex A*".

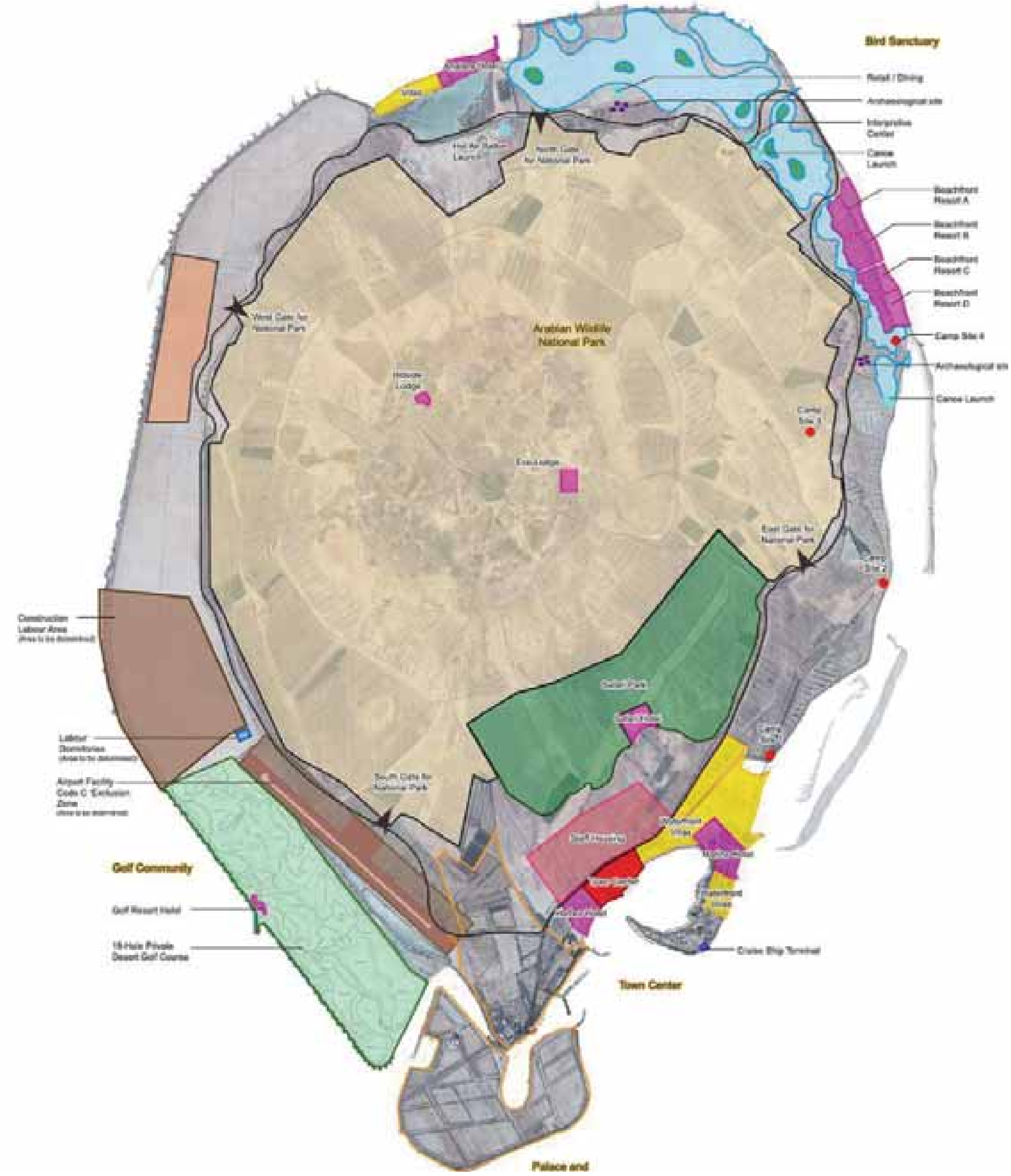
The Desert Islands

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 owns, as one ecological tourism destination. The master plan for the Desert Islands includes 11 resorts and spas (consisting of 1,444 rooms), 528 branded residential villas, a golf course, 666 villas and apartments, two palaces, 22,000 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. TDIC expects to have 204 rooms available to accommodate approximately 11,000 visitors per annum to the Desert Islands by the end of 2010. All of those rooms are expected to be situated on Sir Bani Yas Island. The project is expected to be completed in 2015. The total capital cost of the Desert Islands is estimated at AED 11.8 billion.

With its wildlife sanctuaries, beaches, and natural marine habitats, the Desert Islands are designed to further the vision of ecological preservation of the U.A.E.'s late President and Ruler of Abu Dhabi, H.H. Sheikh Zayed Bin Sultan Al Nahyan, 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.

Sir Bani Yas Island



Infrastructure

The Desert Islands' infrastructure will consist primarily of developing: (i) a logistics area located in the western region of Sir Bani Yas Island; and (ii) the Desert Islands' bulk infrastructure. The logistics area is designed to include storage and logistics facilities, waste and composting facilities, labour accommodation, laundry facilities, stores and workshops. The bulk infrastructure is designed to include marinas, canals, bridges, utilities, relocation activities, bulk earthworks and landscaping. Infrastructure works commenced in 2008, including the airport upgrade and the bulk infrastructure project is expected to be completed in 2015. The total capital cost of the Desert Islands' infrastructure is estimated at AED 736 million.

Culture

The Desert Islands are designed to include a range of cultural and tourism offerings, including an equestrian centre, an outward bound camp and a dive fishing and sports centre.

Hospitality/Leisure

Sir Bani Yas Lodges

The Sir Bani Yas Lodges are designed to consist of four boutique lodges that will provide approximately 180 rooms. Each of the lodges will be designed to provide its own unique experience. The lodges will be operated by Anantara. Construction will commence in 2009 with two lodges scheduled for completion in 2010 and the two further lodges scheduled for completion in 2011. The total capital cost of the Sir Bani Yas Lodges is estimated at AED 795 million.

Residential

Sir Bani Yas Royal Bay Residences

The Sir Bani Yas Royal Bay Residences are designed to consist of 87 villas located on Royal Bay on Sir Bani Yas Island. Construction will commence in 2011 and the project is expected to be completed in 2013. The total capital cost of the Sir Bani Yas Royal Bay Residences is estimated at AED 2.175 billion.

Other

In addition to the Sir Bani Yas Royal Bay Residences, TDIC is currently designing additional residential offerings, including the Desert Island Resort Residences and South Zone Staff Housing.

Other Projects

Overview

Other significant projects currently under development include: (i) Abu Dhabi Golf Resort, a golf course and residential development located east of downtown Abu Dhabi island; (ii) Qasr Al Sarab, a desert resort situated in Liwa Desert's empty quarter; (iii) Angsana Resort and Spa Eastern Mangroves, an eco-retreat located on the east coast of Abu Dhabi island; (iv) TDIC and ADTA Headquarters, TDIC's headquarters in Abu Dhabi island will feature significant leasable office space; (v) the U.A.E. Military Museum; (vi) Hodariyat Crossing; and (vii) Qasr Al Ain Hotel.

Infrastructure

Hodariyat Crossing

The Hodariyat Crossing is designed to be a 1,300 metre, six lane bridge from Abu Dhabi island to Hodariyat Island. TDIC expects construction to commence in the fourth quarter of 2009, with completion scheduled for 2012. The total capital cost of the Hodariyat Crossing is estimated at AED 811 million.

Other

In addition to the Hodariyat Crossing, TDIC is also undertaking the development of the infrastructure for the Mafraq Hotel, a hotel in the eastern region of Abu Dhabi, as well as staff accommodation for the Mafraq Hotel. For further information, see "*Annex A*".

Culture

The U.A.E. Military Museum

In late 2008, TDIC undertook a design competition involving three international architects to provide concepts for the new U.A.E. Military Museum to be located on a high profile site in Abu Dhabi. The museum is being developed in cooperation with the U.A.E. Armed Forces and will focus on the historical importance of the U.A.E. military, its international humanitarian missions and its regional and global influence. Initial traffic and infrastructure engineering studies for the site have been completed.

Khalifa Park

Khalifa Park will be redeveloped primarily to increase visitor numbers. The master plan for the redevelopment of Khalifa Park envisages adding new elements to the existing park that focus on culture (for example, a school for traditional arts), education for children and entertainment (including food and beverage outlets). For further information, see "*Annex A*".

Hospitality/Leisure

Abu Dhabi Golf Resort

The Abu Dhabi Golf Resort is located east of the Abu Dhabi island downtown area on the site of the existing Abu Dhabi Golf Club. In addition to the existing 27-hole championship golf course and academy managed by Troon, the resort is expected to include various leisure facilities, gated villages consisting of 76 exclusive villas with golf course frontage, 32 luxury townhouses, 138 premium apartments and 148 hotel rooms. 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.

At the resort's centre, TDIC has planned a 148 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 spacious gymnasium, an indoor climbing wall, two squash courts, a tennis academy and a hamman-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 GREC Architects and the project's interior has been designed by the hospitality specialists GETTYS Worldwide. The townhouses have been conceptualised by Northpoint (Pty) Ltd and designed by Dubarch of the U.A.E., and their interiors have been designed by Southern California's CDC Design. Construction, including piling and the application of the base foundation for the main hotel complex, commenced in early 2008 and the project is expected to be completed in 2010. The total capital cost of the Abu Dhabi Golf Resort is estimated at AED 1.8 billion.

Qasr Al Sarab

Qasr Al Sarab, a five-star Arabian retreat, is currently under construction 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 will include a hotel with 140 rooms, 52 villas (with an option to sell 42 villas to U.A.E. nationals under a rental ownership plan), luxury health spa, conference centre, adjoining excursion and tented villages and a children's playground. At the adjoining excursion and activities centre, guests will be able to sample traditional desert pursuits, including falconry and camel riding, and will be able 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, 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 Resorts & Spas will operate the hotel. Construction commenced in the first quarter of 2008 and is expected to be completed in the fourth quarter of 2009.

The total capital cost of Qasr Al Sarab is estimated at AED 1.9 billion. Given its remote location, this project would not be commercially viable without the Government's assistance in offsetting certain costs with respect to implementing necessary infrastructure. For example, the Government has 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.

Angsana Resort and Spa Eastern Mangroves

TDIC is developing the Angsana Resort and Spa 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 219 hotel rooms, 77 serviced apartments, 52 luxury three bedroom apartments available for sale on a freehold basis to U.A.E. nationals and 92 marina apartments. The resort will include marina facilities, a quayside promenade, a signature spa, interactive educational media, retail outlets and a dining and entertainment area. The resort will be operated by Angsana, the sister company of the Banyan Tree Group that operates luxury hotels. Construction, including the stages of land reclamation, commenced in 2008 and the project is expected to be completed in the first quarter of 2011. The total capital cost of the Angsana Resort and Spa Eastern Mangroves is estimated at AED 1.8 billion.

Qasr Al Ain Hotel

The Qasr Al Ain Hotel is designed to be a luxury hotel in the style of Abu Dhabi's Emirates Palace Hotel. The hotel will feature 300 rooms, a 27-hole championship golf course, a golf club, a polo club, gym and spa facilities, an equestrian centre and a shooting range. Schematic design has commenced with preliminary earthworks expected to commence in the fourth quarter of 2012. The project is expected to be completed in 2012 in preparation for the GCC conference. The total capital cost of Qasr Al Ain Hotel is estimated at AED 4.8 billion.

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, Abu Dhabi Boulevard Hotel, a combined hotel and serviced apartment offering, Desert Village, a resort located in eastern Abu Dhabi, and the Abu Dhabi Royal Stables offering a five-star boutique hotel, equestrian centre, equestrian museum and equestrian facility. Two additional mixed use beachfront resort and residential projects are planned for development on Saadiyat Island. For further information, see "*Annex A*".

Commercial/Mixed-Use

TDIC and ADTA Headquarters

The TDIC and ADTA corporate headquarters are being developed between the Maqta and Musaffah Bridges on Abu Dhabi island and are designed to stand nine storeys high and have three basements for parking. TDIC and ADTA expect to occupy 45 per cent. of the building's overall gross floor area of 56,355 square metres, with the remaining 55 per cent. available for lease by third party tenants. The building will also house the Middle East Council of the Urban Land Institute, ("**ULI**"), a not-for-profit organisation dedicated to responsible land use.

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 has been commissioned for the atrium design and all common area interior spaces including TDIC's offices. The building will be constructed with a view to acheiving a LEED Gold rating from the U.S. Green Building Council. TDIC commenced construction in 2007 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 second quarter of 2011. The total capital cost of the TDIC and ADTA corporate headquarters is estimated at AED 1.3 billion.

Other

In addition to its headquarters, TDIC is developing the Al Bateen Wharf on Abu Dhabi island. This project consists of the rehabilitation of one of the oldest areas of Abu Dhabi island. The project includes providing berthing marinas for the traditional fishermen, together with associated services such as a community centre, repair facilities and car parking. The project also envisages a variety of food and beverage outlets and a luxury boat marina for both tourists and residents of Abu Dhabi. For further information, see "*Annex A*".

Associates and Strategic Alliances

Associates

TDIC has investments in a number of local companies to develop real estate projects. Historically, with the exception of TDIC's investment in Abu Dhabi Finance Company, TDIC has taken a 20 per cent. equity stake in an associate in return for the land which TDIC contributes to the associate. 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 has made the following investments in local companies:

Name of Company	Activities	Ownership Interest (as at the date of this Prospectus)
B2B Hotels & Properties LLC	Hospitality	20%
Emirates Pearl for Development & Investment LLC	Hospitality	20%
Parc Hospitality Investment LLC	Hospitality	20%
Qaryat Al Beri Resort Development Co LLC	Hospitality	20%
Abu Dhabi Finance Company PJSC*	Real Estate Finance	20%

* Entire shareholding expected to be transferred to Mubadala.

In January 2007, TDIC entered into a development agreement with Alfahim, a joint liability company established in the U.A.E and one of the largest holding companies in Abu Dhabi, to develop the Fairmont Hotel at Abu Dhabi Creek. TDIC holds a 20 per cent. equity stake in the company, B2B Hotels & Properties LLC. The Fairmont Hotel is a five-star beachfront business resort being built at a cost of an estimated AED 800 million which will contain 369 guest rooms and conference and meeting facilities. The hotel is expected to be completed in August 2009.

In January 2007, TDIC entered into a development agreement with Atlas Telecommunications to develop the Emirates Pearl Hotel being built in Abu Dhabi island's Khalidiya area, opposite the seven-star Emirates Palace Hotel. TDIC holds a 20 per cent. equity stake in the company, originally named Emirates Pearl Hotel LLC but subsequently changed to Emirates Pearl for Development & Investment LLC. The 47 storey Emirates Pearl Hotel will sit atop a 22 metre, five-story podium and is being developed at an estimated cost of AED 900 million. The hotel is expected to be completed in August 2011.

In January 2008, TDIC entered into a development agreement with the Al Mada Tourism Investment Company LLC to develop the Park Rotana Complex, a multi-use development being built near Khalifia Park on the eastern side of Abu Dhabi island at Abu Dhabi Creek. TDIC holds a 20 per cent. equity stake in the company, Parc Hospitality Investment LLC. The Park Rotana Complex is a multi-use development due for completion in 2009, consisting of a 316 room hotel managed by Rotana Hotels & Resorts, 172 serviced apartments, 199 rental apartments, offices, restaurants, leisure and fitness facilities. The complex is being developed at an estimated cost of AED 900 million.

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 Qaryat Al Beri which opened in August 2007. TDIC holds a 20 per cent. equity stake in the associate, Qaryat Al Beri Resort Development Co LLC. The Shangri-La Hotel is a multi-use complex featuring a luxury hotel offering 214 rooms, 161 serviced apartments and 6 villas.

In August 2008, TDIC purchased a 20 per cent. stake in the newly formed Abu Dhabi Finance Company, which provides mortgage financing services to purchasers of residential property in Abu Dhabi. The remaining 80 per cent. of Abu Dhabi Finance Company is owned by Abu Dhabi Commercial Bank, Aldar, Mubadala and Sorouh Real Estate P.J.S.C ("**Sorouh**") each of which holds a 20 per cent. equity stake. Each of the five shareholders of the Abu Dhabi Financial Company is a prominent local company engaged in the development and financing of residential property in Abu Dhabi. However, TDIC expects to transfer its entire shareholding in Abu Dhabi Finance Company to Mubadala.

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 Cultural District (which includes the Guggenheim Abu Dhabi Museum and the Louvre Abu Dhabi museum) and other parts of Saadiyat Island, from signage and lighting to irrigation systems and drainage. TDIC is also currently developing with AECOM a project management information technology system. See "*– Information Technology*".

Health and Safety

The Abu Dhabi Municipality (the "**ADM**") is the body responsible for overseeing health and safety on construction sites. TDIC must comply with the ADM's Health and Safety Codes of Practice for Construction Projects. TDIC also has its own in-house health and safety experts and KPMG have been engaged by TDIC to undertake regular risk assessments and on-site visits.

The ADM's site safety inspectors have the legal right to enter any TDIC project site at any time and can issue either a 'prohibition notice' or an 'improvement notice' to any contractor who fails to comply with the ADM Health and Safety Codes of Practice. A prohibition notice requires that the contractors immediately cease work on the site if the violation could result in a serious or fatal injury to a worker. Contravening a prohibition notice results in an AED 10,000 fine for each day that the notice is contravened. If an improvement notice is given to a contractor, the contractor will have 28 days to rectify the violation indicated in the notice and, if no action is taken within this period, financial penalties will follow. Contravening an improvement notice will result in an AED 1,000 fine for each day that the notice has been contravened. As at the date of this Prospectus, TDIC has not received any improvement notice or prohibition notice or any related fines.

TDIC has developed and employs a range of safety policies and safe working practices. TDIC requires that safety audits, risk assessments and on-site visits are conducted regularly. The information gathered from these activities is used to produce reports, detailing health and safety issues, which are in turn used by TDIC's management for the continuous review and advancement of on-site safety procedures. TDIC believes that it has an excellent site safety record and actively commits to meeting and surpassing legal health and safety obligations.

TDIC makes all construction firms and contractors working on its developments aware of its safety regulations before on-site work is allowed to commence. Construction firms and contractors are selected, in part, on the basis of their ability to demonstrate that their objectives on corporate health and safety and risk management align with TDIC's.

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 Abu Dhabi Municipality is the body responsible for overseeing compliance with environmental regulations in Abu Dhabi. These responsibilities are carried out through the Abu Dhabi Environmental Agency 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 environment 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 onsite 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 department, a department 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 Prospectus, no material environmental issues have occurred at any project site whether the site is 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 supports a variety of educational and cultural projects in Abu Dhabi.

TDIC also supports its employees' and partners' charitable and philanthropic activities where possible.

In addition, TDIC has participated in and sponsored certain cultural exhibitions, including The Arts of Islam exhibition, the Picasso exhibition and the Emirati Expressions exhibition. TDIC also undertakes educational initiatives and events for both children and adults.

TDIC has had a long-standing and extensive relationship with the ULI, a not-for-profit organisation. Together with assisting in the establishment of the ULI Middle East District Council, TDIC has supported the establishment of the ULI Real Estate Centre for Real Estate Education (the "**ULI Centre**"), with a number of TDIC's Board of Directors being members of the ULI. The Chairman of TDIC is the patron of the ULI Middle East District Council. The ULI Centre focuses on enhancing land use and the education of public sector employees throughout the U.A.E. and the Middle East. Its mission statement is to provide a world-class knowledge base in support of the real estate industry in the U.A.E. and the Middle East and to disseminate information about a more viable, sustainable built environment. TDIC currently directly funds the ULI Centre and anticipates that its relationship with the ULI Centre will grow over the coming years as the ULI Centre becomes more firmly established in the Middle East.

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:

- Mubadala, which is developing the new central business district on Sowwah Island;
- Aldar, a public stock company formed by decree in 2005 and listed on the Abu Dhabi Securities Market. Its main developments include Raha Gardens and Yas Island; and
- Sorouh, a public stock company formed by decree in 2005 and listed on the Abu Dhabi Securities Exchange. Its main developments include Khalidiya Village, Oyoun Village, The Gate District, Shams Abu Dhabi and Golf Gardens.

Employees

As at the date of this Prospectus, TDIC had 340 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, acts of terrorism and income streams, as TDIC has determined that any such risk does not present any appreciable exposure to potential liability.

TDIC appointed 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 is currently co-ordinating all corporate operational policies (e.g., for head office buildings and equipment and motor vehicle third party liability).

All of TDIC's employees have private health insurance as well as group life insurance. All of TDIC's contractors carry private health insurance. Health insurance is also compulsory for all labourers employed by TDIC's contractors.

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 – Risks Relaing 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, "Tourist Development & Investment Company", "TDIC", "Saadiyat", "Sir Bani Yas" and "Desert Islands", 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 Louvre Abu Dhabi museum and the Guggenheim Abu Dhabi Museum (including the rights to use the names "Louvre Abu Dhabi" and "Guggenheim Abu Dhabi" for a certain period of time) are the subject of various agreements that ADTA and TDIC have entered into. See "*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 has an on-line document management system, ACONEX, available 24 hours a day and seven days a week.

ICT has embarked upon a business systems development programme that aims to systemise financial, procurement and revenue processes. The development programme comprises the Project Management System ("**EPMS System**"), ERP System (Finance, Project Costing and Procurement) as well as Real Estate Revenue Systems.

The EPMS System will allow TDIC to track budget, schedule and costs for all projects, thereby enhancing current project and financial controls. TDIC expects the EPMS System to be introduced in stages from August 2009. TDIC is also replacing its current accounting, project costing and procurement systems with a fully integrated Oracle system which is to be introduced from January 2010.

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 is supplementing these data loss prevention controls with comprehensive data security controls that will detect and prevent unauthorised changes and access to company data.

Litigation

TDIC has not been involved in any legal or arbitration proceedings (including any such proceeding which is pending or threatened of which TDIC is aware) in the past 12 months which has or may have a material adverse effect on TDIC's business, financial condition or results of operations.

Commercial Property

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. None of TDIC's properties are mortgaged or otherwise encumbered.

MATERIAL CONTRACTS

Overview

TDIC enters into a variety of construction, operation, management, design 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 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 qualification, expertise 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 TDIC project director.

Leighton Contracting LLC for the Gary Player Saadiyat Beach Golf Course and Academy

Pursuant to a letter of award dated 31 March 2008 and countersigned by Leighton on 9 April 2008, TDIC has instructed Leighton to proceed with the construction of an 18 hole golf course on Saadiyat Island, including the related earthworks and the set-up works in relation to the turf nursery. The letter of award provides for works to be carried out up to a maximum cost of AED 147,831,278 and contemplates that works will be completed by 30 October 2010. Further, on 7 October 2008, TDIC instructed Leighton to carry out the construction of a number of buildings in relation to the Gary Player Saadiyat Beach Golf Course and Academy, including the Academy building itself. The letter of award provides for works to be carried out up to a maximum cost of AED 28,739,030 with the whole contract works to be completed by the end of September 2009. Under the letters of award, advance payments were made by TDIC on receipt of the countersigned letters and future payments are to be made within 30 days of submission of Leighton's monthly statements. TDIC and Leighton are in the process of finalising a contract based on the FIDIC Conditions to supercede the existing letters of award.

Al Jaber L.E.G.T. Engineering & Contracting for Anatara Qasr Al Sarab

On 19 October 2008, TDIC entered into a construction contract with Al Jaber L.E.G.T. Engineering & Contracting ("**ALEC**") worth approximately AED 1.6 billion for the construction of Qasr Al Sarab, together with associated external works. The scope of work includes, but is not limited to, the hotel, villas, an infrastructure development of 33 hectares, spa and fitness facilities, a staff village, service compound, a tented village and a desert excursion centre.

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, among other things, the development of the museums, the use of certain trademarks, provision of consultancy services and 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 rights agreement, under which certain trademark rights in relation to the Guggenheim Abu Dhabi Museum were licensed;
- the pre-opening agreement, relating principally to the design and construction of the museum; and
- the operating agreement term sheet, which sets forth the material terms which the museum will be operated.

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 the Intergovernmental Agreement which sets the groundwork for the creation of the Louvre Abu Dhabi museum. Further to the 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.

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 design, construction and operation of and, training of staff for, the Louvre Abu Dhabi museum (the "**AFM Agreement**").

Zayed National Museum

In April 2009, TDIC entered into an agreement with a major internationally recognised cultural institution to assist in the design, construction and operation of the Zayed National Museum. The agreement is subject to a strict confidentiality undertaking.

Design Services Agreements

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 are owned by TDIC.

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 is 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.

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.

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 management agreement, licence and royalty agreement and the centralised services agreement. Read together, they contain the full suite of services which the operator is required to provide TDIC in respect of a particular hotel.

The following are operations and management contracts that TDIC has entered into which are considered material to TDIC's business as at the date of this Prospectus:

St. Regis

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 Island). In connection with this agreement, there is also a systems licence agreement, a centralised services agreement and a condominium marketing licence agreement in relation to the St. Regis residences, each dated 24 April 2008.

Westin Hotel Group

On 24 April 2008, TDIC entered into an operating services agreement with Starwood to provide operations and management services for the Westin Hotel and Spa (Abu Dhabi Golf Club). In connection with this agreement, there is also a development services agreement, a system licence agreement and a centralised services agreement, each dated 24 April 2008.

Qasr Al Sarab – Anantara Resorts & Spas

On 20 July 2007, TDIC entered into a management agreement with Lodging Management (Labuan) Limited ("**LML**") to engage LML to operate and manage the Anantara Resort & Spa. In connection with this agreement, there is also a licence and royalty agreement and a technical services and pre-opening assistance agreement, each dated 20 July 2007.

The Angsana Resort and Spa Eastern Mangroves

On 10 April 2006, TDIC entered into a hotel management agreement with Banyan Tree Hotels & Resorts Pte Ltd. ("**Banyan Tree Hotels**") to provide operations and management services for the Angsana Resort and Spa Eastern Mangroves. Under the management agreement, Banyan Tree Hotels has granted TDIC a non-exclusive right to use its trademark in connection with the operation of the hotel. In connection with this agreement, there is also a licence and royalty agreement and a technical services agreement, each dated 10 April 2006.

Other

Saadiyat Island 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 Island. 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 183 million to date and the estimated value of services as forecast for 2009 is AED 300 million.

Financing Agreements

As at 31 March 2009, TDIC had outstanding interest bearing loans and liabilities of AED 2,845,504,000.

Debt obligations of TDIC

- a non-revolving term loan facility with Abu Dhabi Commercial Bank P.J.S.C. dated 17 December 2008 for a principal amount of AED 1,000,000,000 with a maturity date of 22 December 2009;

- a revolving overdraft facility dated 16 October 2008 for an amount of AED 200,000,000 with a review or expiry date of 27 July 2009;

- a revolving credit facility with Abu Dhabi Commercial Bank P.J.S.C., National Bank of Abu Dhabi P.J.S.C., HSBC Bank Middle East Limited, Standard Chartered Bank and BNP Paribas dated 26 November 2007 for a principal amount of U.S.$360,000,000 with a maturity date of 4 December 2010;

- a non-revolving term loan facility with HSBC Bank Middle East Limited, National Bank of Abu Dhabi P.J.S.C., and Standard Chartered Bank dated 21 December 2006 for a principal amount of AED 500,000,000, with a maturity date of 2 May 2010; and

- a revolving overdraft facility dated 27 July 2008 with Union National Bank P.J.S.C. for an amount of AED 200,000,000.

The indebtedness mentioned above matures between 2009 and 2012 and bears floating interest rates at the respective EIBOR/LIBOR rate plus applicable margins of between 35 and 300 basis points per year.

The standard covenants included in all of TDIC's facilities include, amongst others:

- limitations on incurring financial indebtedness in excess of U.S.$5,000,000,000;
- 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 business.

Management of TDIC

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 sole shareholder of TDIC).

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 TDIC's Articles of Association, meetings of the Board of Directors must be held at least four times per year. TDIC's 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. By virtue of its ownership of all of the shares of TDIC, 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*".

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.

Departments

TDIC has established the following core departments: (i) client services; (ii) commercial; (iii) design; (iv) development; (v) finance and accounting; (vi) human resources; (vii) legal services; (viii) marketing and public relations; and (ix) project delivery.

Client Services: the client services and sales department manages client relations and the sales 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 strategies, the maintenance of existing client relationships as well as creating new business opportunities. Client services also works alongside the various business departments to set sales targets and monitor the progress of these targets internally.

Commercial: 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.

Design: the design department is responsible for developing detailed design specifications for project developments. The department generates design specifications and plans as well as providing technical expertise and input.

Development: the development department is responsible for managing all master and asset developments and 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: the finance and accounting department is responsible for the development of finance strategies and policies, and the management of operations and the giving of support to development projects. The department executes all the major funding strategies and co-ordinates the finance operations and reporting duties. Finance and accounting also have a supporting role for the development department whereby they provide analysis, budgeting, accounting and forecasting.

Human Resources: human resources is responsible for developing 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, planning, learning and development.

Legal Department: the legal 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: 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 team with marketing and promotional material.

Project Delivery: the project delivery department manages the overall delivery and construction of asset developments involving project management, technical expense and the formation of strategic partnerships and alliances when appropriate. The team project manages all delivery projects and engages and manages supplies for the construction services.

Members of the Board of Directors

As at the date of this 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	25 October 2005
H.E. Mubarak Hamad Al Muhairi	Managing Director	25 October 2005
H.E. Saeed Mubarak Al Hajeri	Director	25 October 2005
H.E. Saif Mohamed Al Hajeri	Director	20 May 2009
H.E. Khalifa Mohamed Al Mazrouei	Director	25 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 of the Government of Abu Dhabi, and a member of the ADEC. The Chairman is responsible for progressing and safeguarding Abu Dhabi's tourism assets in line with the nation's diversification and development strategy. He also serves as Chairman of ADNEC and the Abu Dhabi Authority for Culture and Heritage ("**ADACH**"). He has been awarded the American Federation of Arts' "Cultural Leadership Award" for his role in spearheading the development of Saadiyat Island's Cultural District, including the Guggenheim Abu Dhabi Museum and Louvre Abu Dhabi museum. He is also a board member of the Abu Dhabi Economic Council, the ADEA and the Urban Planning Council. 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 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 Authority. He was appointed Director General of ADTA upon its creation in September 2004 – a position he continues to hold today. He holds a number of board member positions with authorities such as the ADACH, ADNEC and the Abu Dhabi Media Company. He graduated from the U.A.E. University with a degree in civil engineering before going to study at Portland State University, U.S.A., where he earned a masters degree in engineering management. He is also a member of the board of directors of Abu Dhabi Airport Company and Ethiad Airways, the national airline of the U.A.E.

H.E. Saeed Mubarak Al Hajeri is a Director of TDIC. He is also a board member of ADIA and is the Executive Director of the Emerging Markets Department at ADIA. He represents the Government on the board of directors of Etisalat, Higher Corporation for Specialised Economic Zones, Dubai Cable Company and Arab Banking Corporation (B.S.C.). He is also a board member of the CFA Institute and Harvard Business School. 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. He is also Chief Executive Officer of the U.A.E. Offsets Program Bureau and Tawazun Holding. He is Chairman of Abu Dhabi National Hotels Company, Special Advanced Systems and German-based Merkel, owned by Caracal International. In addition, he is a member of the board of directors of the Khalifa Fund Program, Horizon International Flight Academy, Caracal International, Abu Dhabi Autonomous Systems Investments, Waha Capital, Al Yah Satellite Communications and Burkan Munitions. He was also recently appointed as a member of the board of directors of ADNEC, EXCEL London and General Holding Company.

H.E. Khalifa Mohamed Al Mazrouei is a Director of TDIC. 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 also a member of the board of directors of Amiri Flight, Chairman of the World Trade Centre, Abu Dhabi, Chairman of the Executive Committee of Gulf Air and Vice Chairman of Al Taif Technical Services. He is also Chairman of the Project Committee of Al Jazeera Club and Chairman of the Audit Committee of Tabreed. 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, United Arab Emirates.

Directors' Interests

There are no interests of the members of the Board of Directors of TDIC 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 ADTA. For the year ended 31 December 2008, ADTA paid or accrued compensation (including salary, benefits and bonuses) to the Board of Directors of TDIC of AED 3,750,000.

Executive Management

As at the date of this Prospectus, the members of the executive management of TDIC, their current positions in TDIC and their dates of appointment are as follows:

Name	Title	Date of Appointment
Lee Tabler	Chief Executive Officer	25 October 2005
Ahmed Hussein	Chief Operating Officer	26 October 2005
James Pringle	Executive Director, Development	1 June 2008
Wallace Long	Financial Director	27 October 2008
Stuart Magee	Executive Director, Project Delivery	10 June 2006
Alan Gordon	Executive Officer, Marketing & PR	24 June 2006
Kier Riemersma	Director, Client Services	1 October 2007
Mark Facey	Director, Legal Services	22 July 2006
Leon Geldenhuys	Director, Human Resources	23 December 2005

Set forth below is a short biography of the members of the executive management:

Lee Tabler is the Chief Executive Officer of TDIC. He has more than 30 years' experience of international real estate development, 20 of them in senior management positions with major multi-national corporations. Having been a founding member and past chairman of the Middle East District Council of the ULI, he is now Chairman of the council's Real Estate Education Centre. He is also a member of the International Council of Shopping Centres, the International Real Estate Investment Council, the U.S. Real Estate Council and the Asia Society in New York. He holds a bachelor's degree in architecture from the Southern California Institute of Architecture, U.S.A., a master's degree in urban and regional planning from the American School of Architecture in France, and a master's degree in real estate finance from the American University in Washington DC, U.S.A.

Ahmed Hussein is the Chief Operating Officer of TDIC responsible for supporting the executive management in the achievement of TDIC's operational objectives and targets. He is also a Deputy Director General of ADTA, responsible, in particular, for the marketing and events divisions. He has also worked at Emirates Media, Inc., a leading broadcaster and publisher based in Abu Dhabi, where he served on both the Technical Committee as well as the Structure and Planning Committee. He has been involved in establishing TDIC's Graphics Department and Abu Dhabi Television's News Centre. He has also served as Head of the Art Centre, Director of Technology & Technical Services and he is currently the Director of Investment at Emirates Media, Inc. He holds a degree in Programming and Systems Analysis from the Al Ain School.

James Pringle is the Executive Director of Development of TDIC. He is responsible for directing the development of all of TDIC's projects. He joined TDIC in June 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 Director of Business Development for its hotel, theme park and urban development business groups across Europe, Africa, 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.

Wallace Long is the Financial Director of TDIC, responsible for contributing to the formulation and implementation of TDIC's strategic direction and management, with specific emphasis on finance and accounting. He joined TDIC in 2008 and has more than 25 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. He later went on to hold senior financial management positions at various commercial, residential and lodging developers, including Marriott, Hilton, Starwood Hotels & Resorts Worldwide Inc. and The Ginn Development Company. He holds an MBA from the University of Texas, Austin, U.S.A.

Stuart Magee is Executive Director of Project Delivery of TDIC. He is a chartered site surveyor with over 14 years' experience in the construction industry. He has worked on several significant Middle Eastern projects including the U.S.$5 million Dubai Creek Boardwalk and the Abu Dhabi Company for Onshore Oil Operations' headquarters. He holds a Diploma in building from Scotland's Bell College of Technology and a certificate on Site Surveying from the UK's Chartered Institute of Building.

Alan Gordon is the Marketing and PR Director of TDIC responsible for developing the marketing strategies for TDIC's corporate brand and major project sub brands, including the Cultural District on Saadiyat Island and its Guggenheim Abu Dhabi Museum and Louvre Abu Dhabi museum, as well as the Desert Islands destination. He joined TDIC in June 2006 and brings with him 19 years of marketing, event management and public relations experience. Prior to joining TDIC, he worked for the Al Futtaim Group, one of the U.A.E.'s leading trading companies. Overseeing group marketing and communications, he has also supported leading brands such as Dubai Festival City, Toyota, Lexus, Honda, Hertz, IKEA, M&S and Panasonic. He is a member of the Chartered Institute of Marketing and holds a bachelor's degree in design and communication from the UK's Gray's School of Art. He is also a marketing lecturer and Dean of the Event Management Development Institute.

Kier Riemersma is the Director of Client Services of TDIC. Prior to joining TDIC in 2007, he was Director of Waterfront Development at Dubai Properties, Senior Advisor at Liberty-Greenfield Real Estate Advisors, a broker at Trammell Crow Company, urban planner at Icon Architecture, Development Associate at Franklin Reality Advisors and Economic Mission Co-ordinator at the U.S. Department of

State. He holds a master's degree in City Planning from the Massachusetts Institute of Technology, U.S.A., and master's degree in International Studies from the University of California, U.S.A. He also holds a bachelor's degree in Creative Writing from Pitzer College, California, U.S.A.

Mark Facey is the Director of Legal Services of TDIC. Prior to joining TDIC in 2006, he worked as General Counsel at Baulderstone Hornibrook. He has also worked for the law firms Blake Dawson Waldron and Allens Arthur Robinson. In addition, he worked for ANZ Investment Bank. He holds a Bachelor of Law from Queensland University of Technology, Australia.

Leon Geldenhuys is the Director of Human Resources. He has more than 18 years of human resources management experience across several industries including engineering, construction, human resources consulting and real estate development and became involved with TDIC in December 2005. He is a founding member of the South African Business Council. He graduated with a bachelor's degree, majoring in Psychology and Industrial Sociology, from the University of Potchefstroom in South Africa.

Conflicts

There are no conflicts of interest between the duties of the executive management listed above 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 2008, TDIC paid or accrued compensation (including salary, benefits and bonuses) to the members of the executive management of AED 12,364,321.

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.

Audit and Internal Audit

TDIC is subject to audit by the Abu Dhabi Audit Authority, the audit agency of the Government.

Since 2007, TDIC have established an internal audit function by outsourcing it to KPMG. The internal audit team have prepared risk registers and have completed internal audit reviews of certain key departments and also of key contracts.

SHAREHOLDER AND RELATED PARTY TRANSACTIONS

Sole Shareholder of TDIC

ADTA was created on 13 September 2004 by Executive Decree under Law No. 7 of 2004 in order to execute and oversee Abu Dhabi's strategy for the tourism industry.

Key ADTA responsibilities include the development of an overall tourism strategy for Abu Dhabi, directing the implementation of activities needed to achieve strategic objectives and creating the physical infrastructure required by tourism operators and their clientele. See "*The Abu Dhabi Government's Development Strategy*".

H.H.Sheikh Sultan bin Tahnoon Al Nahyan, a member of the Abu Dhabi Executive Council, is the Chairman of both ADTA and TDIC. See "*Management – Members of the Board of Directors*".

As at the date of this 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 of ADTA's development initiatives, TDIC has entered into significant transactions with the Government since its inception. 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 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 21 "Related party transactions" to TDIC's Financial Statements included elsewhere in this 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 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 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 the 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 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*".

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 account holders. 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 account holder 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 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 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 advisors 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 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 made under the Guarantee. In the event of such imposition of any such withholding, 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 purposes of funding its budget. It is not known whether this right will be exercised in the future.

The U.A.E has entered into double taxation treaties with certain other countries, but these are not extensive in number.

United States

U.S. Federal Income Taxation

The discussion of tax matters in this 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 advisor.

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 30 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 advisors 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 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 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 advisors 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, will be specified in the relevant 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 advisors 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" also includes certain 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 advisors 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 advisors 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, exchangeable notes and foreign currency notes are described under "*– United States – Original Issue Discount*", "*– United States – Contingent Payment Debt Instruments*" and "*– United States – Foreign Currency Notes*".

Original Issue Discount

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 date 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.

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 advisors 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 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 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 "*Taxation – 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 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 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 interest on the Note. Amounts attributable to accrued interest are 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 advisors 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 short-term Note, to the extent of any discount not previously included in the Noteholder's income. Noteholders should consult their tax advisors 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 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 "**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 advisors 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 " – *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 advisors 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.

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 purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of 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 advisors 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 from 1 July 2005 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 a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and certain dependent or associated territories of certain Member States, including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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 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. 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.

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 an applicable Final Terms, by its purchase of any Notes, each original or subsequent purchaser or transferee of a Note 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, 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 Plan and is subject to Similar Law, and the purchase and holding of a Note will not result in a violation of any such Similar Law. Any purported purchase or transfer of a Note 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.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING IN THE NOTES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

TO THE EXTENT THAT A PURCHASE OF A NOTE IS PERMITTED IN THE FINAL TERMS, THE SALE OF NOTES 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 a 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 the Guarantor 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) 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 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):

(i) that either: (a) 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 (b) it is outside the United States and is not a U.S. person;

(ii) 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;

(iii) 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: (a) to the Issuer or any affiliate thereof; (b) 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; (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(iv) 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 to ERISA or other plan subject to Section 4975 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 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 result in a violation of any such Similar Law. Any purported purchase or transfer of a Note that does not comply with the foregoing shall be null and void *ab initio*;

(v) 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 (iii) above, if then applicable;

(vi) 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;

(vii) that the Notes in registered form, other than the Unrestricted Notes, 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 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.

BY ITS PURCHASE AND HOLDING OF THIS SECURITY (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 SECURITY (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 SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF 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 (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 RESULT IN A VIOLATION OF ANY SUCH SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF A NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID AB INITIO.

(viii) 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 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: (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB in compliance with Rule 144A; and (b) 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 NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, 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.";

(ix) 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

(x) 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.$100,000 (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.$100,000 (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 relevant Final Terms as being applicable in relation to any Tranche of Notes, each Dealer will be required to represent, undertake and agree that:

(i) except to the extent permitted under U.S. Treas. Reg. 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;

(ii) it has, and throughout the restricted period, it will have in effect, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) 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. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);

(iv) 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: (a) repeats and confirms the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) of this paragraph on such affiliate's behalf; or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) of this paragraph;

(v) 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 subject to ERISA or other plan subject to Section 4975 of 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 (vi) 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 result in a violation of any such Similar Law. Any purported purchase or transfer of a Note that does not comply with the foregoing shall be null and void *ab initio*; and

(vi) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in subparagraphs (i), (ii), (iii), (iv), (v) and (vi) of this paragraph from any person other than its affiliate with whom it enters into a written contract, (a "distributor" as defined in U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4(ii))), for the offer or sale during the restricted period of the Notes.

Where the TEFRA C Rules are specified in the relevant 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, warranted and undertaken to the Issuer that, in connection with the original issuance of the Notes:

(i) 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

(ii) 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 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." Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 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.$100,000 (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 applicable 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 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:

(i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(iii) at any time to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(iv) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) or Dealers nominated by the Issuer and TDIC for any such offer; or

(v) 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 in (ii) to (v) (inclusive) 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 the 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 includes any relevant implementing measure in each Relevant Member State.

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, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(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:

(a) 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; and

(b) the information contained in this 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 1986 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this 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) deemed to be 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 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 limited offer under Article 11 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 the offer of the Notes will not be directed at more than 60 Saudi Investors (excluding "Sophisticated Investors" (as defined in Article 10 of the KSA Regulations)) and the minimum amount payable per Saudi Investor will be not less than Saudi Riyal (SR)1 million or an equivalent amount.

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 limited offer 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: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds SR1 million or an equivalent amount; or (c) 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 (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law 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 Law (Law 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" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; 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 in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This 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 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 (a) to an institutional investor pursuant to Section 274 of the SFA; (b) 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 (c) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Note:

Where Notes are subscribed or purchased under Section 275 by a relevant person, which is:

(a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except:

(i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of notes or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law.

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 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 applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 23 June 2009 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of TDIC on the same date. 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 29 June 2009. 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 12 months following the date of this 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 audited annual financial statements of TDIC in respect of the financial years ended 31 December 2008, 2007 and 2006, together with the audit reports and notes prepared in connection therewith;

(iii) the most recently published audited annual financial statements of TDIC, together with any audit or review reports prepared in connection therewith;

(iv) the most recently published consolidated quarterly financial statements of TDIC, together with any audit or review reports 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 Prospectus; and

(vii) any future offering circulars, 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 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 applicable 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 relevant 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 applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B 1210 Brussels 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

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 March 2009 and there has been no material adverse change in the prospects of TDIC or the Group since 31 December 2008.

Litigation

Neither the Issuer nor TDIC nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or TDIC is aware) in the twelve months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, TDIC or the Group.

Auditors

The consolidated financial statements of TDIC as at and for the financial years ended 31 December 2008 and 2007 and the fourteen-month period from 25 October 2005 to 31 December 2006, included in this 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 reports appearing herein.

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.

ANNEX A

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Saadiyat Island									
Infrastructure									
Saadiyat Island Master Plan Infrastructure	Infrastructure for Saadiyat Island comprising utilities, roads, parks, community and civic facilities and bridges.	Design/ Construction	GG	15,400,000 of gross floor area. Gross leased area to be determined in design phase	To provide services to approx. 150,000 residents	2006	2018	35,690	Leighton Parsons Zubilin
Saadiyat North Beach District Cooling	Cooling network to service the Saadiyat Beach District	Construction	GL	–	–	November 2008	2011	142	Concession agreement based on advisory recommendation
Saadiyat Waste Water Treatment	Level 4 Water Treatment Plant	Design/ Construction	GG	–	–	May 2009	2011	540	–
Saadiyat Mina Link	Permanent connection of Saadiyat Bridge and Shahama Expressway to Downtown Abu Dhabi Road System	Construction	GG	–	–	December 2008	2013	2,400	–
Cultural									
Louvre Abu Dhabi Museum	Classical art museum designed by Ateliers Jean Nouvel. Located in the Cultural District	Design	GG/GL	63,055	–	Design: January 2008 Construction: May 2009	2013	Aggregate cultural costs: 18,500*	Partnership agreement with Agence France Museums on behalf of certain French institutions
Guggenheim Abu Dhabi Museum	Contemporary art museum designed by Frank Gehry Partners LLP. Located in the Cultural District	Design	GG/GL	77,190	–	Design: June 2008 Construction: 4Q 2009	2014	Aggregate cultural costs: 18,500*	Partnership Agreement with Solomon R. Guggenheim Foundation

* Represents the aggregate estimated project costs of the Louvre Abu Dhabi museum, the Guggenheim Abu Dhabi Museum and the Zayed National Museum.

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Zayed National Museum	Cultural and historical museum designed by Foster + Partners Ltd. Located in the Cultural District	Design	GG	43,000 sqm of gross floor area	–	Design: August 2008 Construction: Q3 2009	2013	Aggregate cultural costs: 18,500*	Pre-opening partnership agreement with an internationally recognised cultural institution
Saadiyat Island Education Centres	Development of 13 nurseries and 14 K-12 schools for Saadiyat Island	Design	GG	120,000 per school	–	Q1 2010	2012	988	Operating agreement currently under negotiation
Cultural Programming	Exhibitions, events, educational activities and publications to increase awareness of the Cultural District institutions	Operational	GG	–	–	–	–	1,071	–
Hospitality/Leisure									
Saadiyat Beach Golf Club House	Club house for Saadiyat Beach Golf Club with ocean views	Design	CDF	19,500	–	2009	2011	269	–
Gary Player Saadiyat Beach Golf Course and Academy	18 hole championship golf course with a golf academy and maintenance facility to be designed and constructed by Gary Player	Construction	CDF	1,246,158	–	Construction of Academy: January 2009 Construction of Golf Course: April 2008	2011	527	Leighton
St. Regis Resort	Luxury five-star beach resort	Re-tendered	CDF	181,145	380 hotel rooms, 33 villas, 259 apartments, 75 units	Q4 2007	2011	2,181	Starwood
Saadiyat Branded Beach Club	Luxury beach club	Design	GG	Approx. 6,000	Approx. three outlets	Q2 2009	2010	104	–

* Represents the aggregate estimated project costs of the Louvre Abu Dhabi museum, the Guggenheim Abu Dhabi Museum and the Zayed National Museum.

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Residential									
Island Lagoon Villas and Apartments	High quality gated villa community	Design	CDF	557,092	Approx. 929 villas	2012	2018	–	–
Saadiyat Reserve Villas	High quality gated villa community	Design	CDF	Approx. 195,305	Approx. 414 villas	2011	2015	–	–
Saadiyat Beach Villas (Phase one)	High quality gated villa community	Design/Tender/ Construction	CDF	171,669	Approx. 624 villas	Q3 2009	2013	2,412	–
Saadiyat Beach Apartments	High quality apartment buildings and community facilities	Design/Tender/ Construction	CDF	129,550	Approx. 495 apartment units	2011	2013	1,327	–
Saadiyat Construction Village	A residential construction village to house construction workers engaged on Saadiyat projects	Construction	CDF	327,693	To house approx. 20,000 workers	May 2008	Q4 2009	905	Leighton
Commercial/ Mixed-Use									
Saadiyat Al Manara	Saadiyat Experience Centre (1,200 sqm exhibition area for TDIC sponsored exhibitions), 200+ seat theatre, restaurant and two additional exhibition areas (each approx. 1,200 sqm)	Design	GG	Approx. 13,500	–	April 2009	First half of 2010	214	–
Saadiyat Land Bridge	Multi-layer transport hub linking the Cultural and Marina Districts	Design	CDF	316,000	TBA	Q3 2009	2015	2,226	–
Cultural District Souk and Canal	Medium to low rise neighbourhood in the heart of the cultural district at close proximity to the museums consisting of retail and residential space, offices, hotels and cultural assets	Concept	CDF	870,000 of gross floor area. Gross leased area to be determined in design phase	To be determined	Design commenced in Q1 2009	2013	3,875	–
Saadiyat Beach Retail Community Centre	Retail/community centre to service the villas and apartments in the Saadiyat Beach District	Design	CDF	15,000	–	July 2009	2012	117	–

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Saadiyat Marina SM4-11	Tower in central business district including a hotel, office space, high-end retail and marina residences	Design	CDF	159,929 of gross floor area, including a 350 room five-star hotel, 52,000 residential, 7,250 retail and 60,000 commercial	To be determined	Q3 2009	2014	2,709	–
Saadiyat Marina SM4-13	Tower in central business district including office space, high-end retail and marina residences	Design	CDF	119,000 of gross floor area, including 48,000 residential 13,000 retail and 58,000 commercial	To be determined	Q3 2009	2014	1,876	–
Desert Islands									
Infrastructure									
Desert Island Infrastructure	Western zone logistics area and delivery of bulk infrastructure	Concept/Design	GG	–	–	Q3 2009	2015	736	–
Cultural									
Sheikh Zayed Animal Breeding Centre	Centre dedicated to the conservation of endangered animals	Concept/Design	GG	–	–	Q1 2010	2011	217	–
Hospitality/Leisure									
Gary Player Sir Bani Yas Beach Golf Course & Academy	18 hole championship golf course with a golf academy and maintenance facility to be designed and constructed by Gary Player	Concept/Design	GL	–	–	Q1 2011	2012	232	GP Design
Sir Bani Yas Equestrian Centre	Horse stables for approx. 30 horses	Concept/Design	GG	–	–	Q3 2009	Q4 2009	12	–

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Sir Bani Yas Luxury Hotel	Five-star luxury hotel	Design	GL	–	196	Q4 2009	2013	470	–
Sir Bani Yas Lodges	Boutique lodges	Concept/Design	GL	–	Approx. 180 rooms	Q3 2009	Q1 2010 and 2011	795	–
Desert Island Resort Conference Centre	Conferencing facilities to accommodate approx. 250 people	Concept/Design	GG	Approx. 1,500	–	Q3 2009	Second half of 2010	54	–
Sir Bani Yas Outward Bound Camp	Outdoor leadership programme	Concept/Design	GG	–	To house approx. 50 to 60 persons	Q4 2009	First half of 2010	41	–
Sir Bani Yas Dive Fishing and Sports Centre	Dive fishing centre, seafood restaurant and dive pool	Concept/Design	GG	1,237	–	Q3 2009	First half of 2010	37	Mirage Mille
Residential									
Desert Island Resort Residences	Branded residential development	Concept/Design	CDF	–	65 residences	Q3 2009	2011	201	–
Sir Bani Yas Royal Bay Residences	Branded residential development for the royal family of the U.A.E	Concept/Design	CDF	185,000	87 residences	Q3 2009	2013	2,175	–
Sir Bani Yas South Zone Staff Housing	Housing to accommodate approx. 300 TDIC management staff and hotel staff (Phase 1)	Concept/Design	GG	–	Approx. 300	Q3 2009	Second half of 2010	106	–
Other									
Infrastructure									
Hodariyat Crossing	Six lane, 1.4 km long bridge connecting Hodariyat to Abu Dhabi	Design/Tender/ Construct	GG	–	–	Q3 2009	Q1 2012	811	–

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Mafraq Hotel Site Infrastructure	Development of lands surrounding the existing Mafraq Hotel	Design	CDF	Plot 1: 60,071 Plot 2: 9,955 Plot 3: 17,500 Plot 4: 22,101 Plot 5: 34,800	TBA	Q4 2009	–	–	–
Cultural									
U.A.E. Military Museum	National military museum	Concept	GG	Approx. 30,000	–	2011	2014	–	–
Khalifa Park	Redevelopment of Khalifa Park	Design	GG	350,000 sqm of gross floor area	–	Jan 2009	2014	200	GREC Architects
Hospitality/Leisure									
AD Golf Club House Refurbishment	Refurbishment of Abu Dhabi Golf Club	Design/Tender/ Construction	CDF	2,800	–	Q2 2009	2011	50	LW Design Dubai
AD Golf Club Temporary Club Facility	Temporary replacement for the Abu Dhabi Golf Club during its refurbishment	Construction	CDF	300	–	Jan 2009	April 2009	13	Action Impact
Qasr Al Sarab	Luxury five-star desert resort and retreat	Construction	CDF	84,146	140 hotel rooms and 52 villas	Q4 2007	Q4 2009	1,908	Anantara ALEC
Qasr Al Ain Hotel	"Emirates Palace" style hotel including a 27 hole championship golf course and an equestrian centre	Concept	GG	–	300 rooms	Q2 2009	Q4 2012	4,832	–
Abu Dhabi Golf Resort	Five-star Westin hotel with meeting facilities for up to 400 people, a 27 hole championship golf course and sporting facilities	Re-tendered	CDF	Approx 35,000	148 rooms	Q4 2007	2010	1,801	Westin

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
Angsana Resort and Spa Eastern Mangroves	Nature retreat, resort and spa	Re-tendered	CDF	129,574	219 hotel rooms, 52 luxury apartments, 92 marina apartments and 77 serviced apartments	Q4 2007	2011	1,738	Angsana
Desert Village	Intended to offer a desert village experience. Located close to the town of Al Shawaib	Design	GG	–	–	–	–	To be determined	–
Abu Dhabi Royal Stables	Five-star boutique hotel, equestrian centre, equestrian museum and equestrian facility	Design	GG	–	–	Q4 2009	2012	866	–
Residential									
TDIC Hotel Staff Accommodation	Accommodation for the staff working in TDIC owned hotels	Design	CDF	81,468	To house approx. 2,500 employees	May 2009	2011	519	Approved by UPC and ADMS
Mafraq Hotel Staff Accommodation	Development to house 35,000 staff employed in the hotel industry in Abu Dhabi. TDIC to provide infrastructure. Owners to construct their own housing facilities	Tender/ Construction	CDF	176,000	To house approx. 35,000 persons	Q1 2009	2013	603	–
Commercial/Mixed-Use									
TDIC / ADTA Headquarters	Nine-storey building with 1,135 parking spaces, including space to be leased to other tenants	Construction	GG/CDF	56,355	None	2007	Q2 2011	1,336	ULI Surbana Consultants
Al Bateen Wharf	Leisure fisherman's marina in the oldest section of Abu Dhabi	Design/ Construction	GG	8,000	None	2008	2010	760	–

Project Name	Description	Phase	Funding Source	Gross Leased Area (sqm)	Number Units/Keys	Start Date	Estimated Completion Date	Estimated Total Project Cost (AED Millions)	Key Third Party Contracts
AD Art Boulevard Hotel and Commercial	Combined hotel and serviced apartment	Design	CDF	–	–	Q3 2009	2012	1,254	–

Key

GG	Government Grants
GL	Government Loan
CDF	Commercial Debt Financing

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Review report and interim financial information for the period ended 31 March 2009

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

Review report and interim financial information for the period ended 31 March 2009

Deloitte.

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
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholder of
Tourism Development and
Investment Company P.J.S.C.
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Tourism Development and Investment Company P.J.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as of 31 March 2009 and the related condensed consolidated statement of comprehensive income, condensed consolidated changes in equity and condensed consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting ("IAS 34")". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche

Abu Dhabi - U.A.E.
P.O.Box 990
Deloitte & Touche

11 June 2009

Audit . Tax . Consulting . Financial Advisory.

Member of
Deloitte Touche Tohmatsu

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

Condensed consolidated statement of financial position as at 31 March 2009

	Notes	31 March 2009 (unaudited)	31 December 2008
ASSETS		**AED'000**	AED'000
Non-current assets			
Property, plant and equipment	4	**5,883,792**	5,017,099
Investment properties		**2,295,299**	2,295,299
Investments in associates		**672,412**	672,412
Long term receivables		**2,917**	3,004
Total non-current assets		**8,854,420**	7,987,814
Current assets			
Development work-in-progress	5	**17,438,007**	16,833,516
Inventories		**1,784**	2,008
Trade and other receivables	6	**459,155**	603,377
Prepayments		**157,312**	26,035
Bank balances and cash	7	**1,684,024**	920,342
Total current assets		**19,740,282**	18,385,278
Total assets		**28,594,702**	26,373,092
EQUITY AND LIABILITIES			
Equity			
Share capital		**100,000**	100,000
Increase in capital		**18,184,743**	18,184,743
Other contributions		**374,912**	374,912
Statutory reserve		**124**	124
Accumulated losses		**(477,065)**	(372,705)
Total equity		**18,182,714**	18,287,074
Non-current liabilities			
Derivative liability		**85,451**	77,050
Provision for end of service benefits		**8,321**	7,480
Advances from customers		**1,046,147**	994,251
Bank borrowings - long term	8	**1,822,064**	1,822,064
Deferred government grants	9	**4,343,209**	1,908,962
Total non-current liabilities		**7,305,192**	4,809,807
Current liabilities			
Trade and other payables	10	**2,083,356**	2,235,335
Bank borrowings - short term	8	**1,000,000**	1,000,000
Bank overdrafts		**23,440**	40,876
Total current liabilities		**3,106,796**	3,276,211
Total liabilities		**10,411,988**	8,086,018
Total equity and liabilities		**28,594,702**	26,373,092

Chairman **Chief Executive Officer** **Finance Director**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income for the period ended 31 March 2009

	3 months ended 31 March	
	2009 (unaudited) AED'000	2008 (unaudited) AED'000
Revenues	**16,313**	10,300
Direct expenses	**(9,958)**	(5,070)
Gross profit	**6,355**	5,230
Abu Dhabi Government contribution	**18,750**	18,750
Administrative expenses	**(120,574)**	(41,514)
Management fees	**(690)**	(545)
Loss on revaluation of derivative instruments	**(8,400)**	(18,003)
Finance costs	**(6,893)**	(4,479)
Finance income	**7,600**	8,634
Other (expenses) / income	**(508)**	959
Net loss and other comprehensive loss for the period	**(104,360)**	(30,968)

The accompanying notes form an integral part of these condensed consolidated financial statements.

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

Condensed consolidated statement of changes in equity (unaudited) for the period ended 31 March 2009

	Share capital AED' 000	Increase in capital AED' 000	Other contributions AED' 000	Statutory reserve AED' 000	Accumulated loss AED' 000	Total AED' 000
Balance at 1 January 2008	100,000	17,125,074	374,912	124	(4,125)	17,595,985
Net loss for the period	-	-	-	-	(30,968)	(30,968)
Balance at 31 March 2008 (unaudited)	100,000	17,125,074	374,912	124	(35,093)	17,565,017
Balance at 1 January 2009	100,000	18,184,743	374,912	124	(372,705)	18,287,074
Net loss for the period	-	-	-	-	(104,360)	(104,360)
Balance at 31 March 2009 (unaudited)	**100,000**	**18,184,743**	**374,912**	**124**	**(477,065)**	**18,182,714**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the period ended 31 March 2009

	3 months ended 31 March	
	2009 (unaudited) AED'000	**2008 (unaudited) AED'000**
Net loss for the period	**(104,360)**	(30,968)
Non-cash adjustments to net loss	**19,450**	13,673
Movements in working capital	**(653,482)**	319,006
Other items	**(37,836)**	(19,356)
Net cash (used in)/from operating activities	**(776,228)**	282,355
Cash flows from investing activities		
Acquisition of property plant and equipment	**(879,922)**	(184,003)
Interest received	**3,021**	7,041
Net cash used in investing activities	**(876,901)**	(176,962)
Cash flows from financing activities		
Government grants obtained	**2,434,247**	-
Net cash from financing activities	**2,434,247**	-
Net increase in cash and cash equivalents	**781,118**	105,393
Cash and cash equivalents at the beginning of the period	**879,466**	1,129,097
Cash and cash equivalents at the end of the period (Note 11)	**1,660,584**	1,234,490

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements for the period ended 31 March 2009

1 General

Background information

On October 25, 2005, Tourism Development and Investment Company PJSC (the "Company") is a public joint stock company registered and incorporated 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 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.

The 31 December 2008 balance sheet included in these condensed consolidated financial statements was derived from the audited financial statements for the year ended 31 December 2008.

2 Adoption of new and revised Standards

The Group adopted certain applicable accounting Standards and pronouncements during the period. The impact of the adoption of such Standards and Interpretations is described below.

IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

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 of the financial position of the Group.

IAS 1 (revised 2007) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised Standard has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

IAS 23 (Revised) Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revisions to IAS 23 have had no impact on the Group's accounting policies. The principal change to the Standard, which was to eliminate the previously available option to expense all borrowing costs when incurred, has no impact on these consolidated financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009)

IFRIC 15 had no impact on the Group's accounting policies because the Group's treatment has always been in line with IFRIC 15.

At the date of authorisation of the condensed financial information, the following Standards and Interpretations which have not been applied in the condensed financial information were in issue but not yet effective:

IFRS 3 (revised 2008) Business Combinations	Effective from 1 July 2009
IAS 27 (revised 2008) Consolidated and Separate Financial Statements	Effective from 1 July 2009
IAS 28 (revised 2008) Investments in Associates	Effective from 1 July 2009
IAS 39 (revised 2008) Financial Instruments: Recognition and Measurement	Effective from 1 July 2009
IFRIC 17 Distributions of Non-cash Assets to Owners	Effective from 1 July 2009
IFRIC 18 Transfers of Assets from Customers	Effective from 1 July 2009

The Directors anticipate the adoption of those Standards and Interpretations in future periods will have no material impact on the condensed financial information of the Company in the period of initial application.

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

3 Summary of significant accounting policies

Statement of compliance

The condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) no. 34 "Interim Financial Reporting" issued by International Accounting Standards Board and also comply with the applicable requirements of the laws in the UAE.

The condensed consolidated financial statements have been prepared on the historical cost basis except derivatives. The accounting policies and estimates used in the preparation of these condensed consolidated financial statements are consistent with those in the audited annual consolidated financial statements for the year ended 31 December 2008.

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

4 Property, plant and equipment

	Land AED'000	Buildings AED'000	Furniture, fixtures and office equipment AED'000	Machinery, tools and equipment AED'000	Vehicles 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	-	2,374	8,486	721	1,994	-	866,347	879,922
31 March 2009 (unaudited)	**2,286,210**	**469,589**	**61,829**	**22,986**	**24,139**	**15,910**	**3,055,040**	**5,935,703**
Accumulated depreciation								
1 January 2009	-	17,145	9,685	8,172	3,571	109	-	38,682
Charge for the period	-	7,178	3,849	1,016	921	265	-	13,229
31 March 2009 (unaudited)	-	**24,323**	**13,534**	**9,188**	**4,492**	**374**	-	**51,911**
Carrying amount								
31 March 2009 (unaudited)	**2,286,210**	**445,266**	**48,295**	**13,798**	**19,647**	**15,536**	**3,055,040**	**5,883,792**
31 December 2008	2,286,210	450,070	43,658	14,093	18,574	15,801	2,188,693	5,017,099

During the three months ended 31 March 2009, the Group capitalized bank borrowing interest amounting to AED 161 thousands.

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

5 Development work in progress

Development work in progress represents the value of Al Saadiyat Island, Emirate of Abu Dhabi, received in 2006 and 2007 as increase in capital, in addition to the development work in progress. Movement during the period is as follow:

	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	-	604,491	604,491
Balance at 31 March 2009 (unaudited)	**12,819,954**	**4,618,053**	**17,438,007**

Addition to development work in progress during the period includes capitalized borrowing interest amounting to AED 22,269 thousands.

6 Trade and other receivables

	31 March 2009 (unaudited) AED'000	31 December 2008 AED'000
Trade receivables	**9,268**	8,189
Receivable on sale of land	**55,891**	69,392
Less: allowance for doubtful debts	**(1,662)**	(1,472)
	63,497	76,109
Advances to contractors	**351,309**	516,974
Due from Abu Dhabi government	**27,558**	-
Other receivables	**16,791**	10,294
Balance at 31 March 2009 (unaudited)	**459,155**	603,377

Due from Abou Dhabi Government:

The Group receives advances from Abu Dhabi Government to execute certain projects on behalf of the Abu Dhabi Government. As at 31 March 2009 the amount paid on those projects where more than the advances received by AED 27,558 thousand and was shown as amount due from Abu Dhabi Government. As at 31 December 2008 the amount received was more that the amount paid by AED 45,468 thousand (note 10).

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

7 Bank balances and cash

	31 March 2009 (unaudited) AED'000	31 December 2008 AED'000
Cash at hand	**190**	178
Cash at banks:		
Current accounts	**27,679**	19,747
Term deposits	**1,656,155**	900,417
Balance at 31 March 2009 (unaudited)	**1,684,024**	920,342

Time deposits represent deposits placed at local banks denominated in AED within 3 months maturities and effective interest rates of 3.15% to 4.92%.

8 Bank borrowings

Banks loans are repayable as follow:

	31 March 2009 (unaudited) AED'000	31 December 2008 AED'000
Within one year	**1,000,000**	1,000,000
In the second year	**1,822,064**	1,822,064
Amount due for settlement after 12 months	**1,822,064**	1,822,064
Total bank loans	**2,822,064**	2,822,064

9 Deferred government grants

The Group receives contributions from Abu Dhabi Government as government grant to finance certain projects of the Group. During the period, the Group received an amount of AED 2,434,247 thousands to finance its projects.

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

10 Trade and other payables

	31 March 2009 (unaudited) AED'000	31 December 2008 AED'000
Trade payables	**132,901**	305,980
Contractors payables	**1,301,547**	1,329,885
Retention payables	**292,286**	244,701
Provision for infrastructure costs	**264,553**	270,439
Deferred revenue	**6,155**	4,153
Accrued expenses	**29,664**	34,709
Deferred contribution income	**56,250**	-
Due to Abu Dhabi Government	-	45,468
Balance at 31 March 2009 (unaudited)	**2,083,356**	2,235,335

11 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 balance sheet as follows:

	3 months ended 31 March	
	2009 (unaudited) AED'000	2008 (unaudited) AED'000
Cash and bank balances	**1,684,024**	1,291,499
Bank overdrafts	**(23,440)**	(57,009)
	1,660,584	1,234,490

The Group obtained AED 400 million bank overdraft facility from a local bank. This bank overdraft facility carries interest at prevailing market interest rates. At 31 March 2009, the Group had AED 23.4 million outstanding on this bank overdraft facilities and AED 376.6 million was undrawn.

12 Related party transactions

Related parties include the Group major shareholders, directors, and businesses 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 period comprise:

	3 months ended 31 March	
	2009 (unaudited) AED'000	2008 (unaudited) AED'000
Short term management benefits	**5,806**	5,444
Deferred Government grant obtained	**2,434,247**	-

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

13 Commitments

As at the balance sheet date, the Group's estimated commitments for capital expenditure amounted to AED 3,958 million (2008: AED 4,804 million).

14 Contingent liabilities

	31 March 2009 AED'000	31 December 2008 AED'000
Letters of guarantee	**73**	73

Letters of guarantee 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.

15 Segment reporting

Primary reporting format – business segments

For management purposes, the Group is organised into three main business segments - property development and land sales, hospitality and leisure. Segment information about the Group's continuing operations for the period then ended is presented below:

	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
Period ended 31 March 2009 (unaudited)					
Revenue	-	5,549	10,746	-	16,313
Direct expenses	-	(2,613)	(7,345)	-	(9,958)
Net loss for the period	(92,677)	(4,906)	9,110	(15,887)	(104,360)
Assets	27,950,384	407,297	87,443	149,578	28,594,702
Liabilities	10,207,655	4,495	185,528	14,310	10,411,988
Capital expenditures	877,123	1,515	-	1,284	879,922
Depreciation	2,828	5,334	3,623	1,444	13,229

Notes to the condensed consolidated financial statements for the period ended 31 March 2009 (continued)

15 Segment reporting (continued)

	Property development and land sales	Hospitality	Leisure	Unallocated	Group
	AED'000	AED'000	AED'000	AED'000	AED'000
Period ended 31 March 2008 (unaudited)					
Revenue	-	862	9,438	-	10,300
Direct expenses	-	(77)	(4,993)	-	(5,070)
Net (loss)/income for the period	(40,959)	38	10,591	(638)	(30,968)
Assets	21,013,603	614	35,485	182,547	21,227,522
Liabilities	3,623,945	1,096	11,665	37,489	3,674,195
Capital expenditures	184,269	-	405	-	184,674
Depreciation	506	178	1,459	-	2,143

The Group operated only in one geographical segment, i.e., United Arab Emirates.

16 Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 June 2009.

Tourism Development and Investment Company P.J.S.C.

Report and consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006

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

Report and consolidated financial statements
for the years ended 31 December 2008 and 2007 and for the period from
25 October 2005 (inception) to 31 December 2006

Deloitte.

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
www.deloitte.com

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 balance sheet as at 31 December 2008, 2007 and 2006 and the consolidated statements of income, changes in equity and cash flows for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006, 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 2008, 2007 and 2006 and of its financial performance and its cash flows for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 in accordance with International Financial Reporting Standards.

Deloitte & Touche

11 June 2009

Abu Dhabi - U.A.E.
P.O.Box 990
Deloitte & Touche

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

Consolidated balance sheet
At 31 December 2008, 2007 and 2006

	Notes	2008 AED' 000	2007 AED' 000	2006 AED' 000
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,017,099	2,353,614	305,277
Investment properties	6	2,295,299	1,485,323	8,816
Investments in associates	7	672,412	572,352	-
Long term receivables	8	3,004	3,366	23,845
Total non-current assets		7,987,814	4,414,655	337,938
Current assets				
Development work-in-progress	9	16,833,516	14,453,521	8,783,570
Inventories		2,008	2,037	3,283
Trade and other receivables	10	603,377	280,139	116,990
Prepayments	11	26,035	10,713	3,689
Bank balances and cash	12	920,342	1,232,171	185,347
Total current assets		18,385,278	15,978,581	9,092,879
Total assets		26,373,092	20,393,236	9,430,817
EQUITY AND LIABILITIES				
Equity				
Share capital	13	100,000	100,000	100,000
Increase in capital	13	18,184,743	17,125,064	8,672,244
Other contributions	13	374,912	374,912	374,912
Statuary reserve	13	124	124	-
Accumulated losses		(372,705)	(4,125)	(5,245)
Total equity		18,287,074	17,595,975	9,141,911
Non-current liabilities				
Derivative liability	25	77,050	-	-
Provision for end of service benefits	14	7,480	4,314	4,223
Advances from customers	15	994,251	296,902	160,947
Bank borrowings - long term	16	1,822,064	1,822,064	-
Deferred government grants	17	1,908,962	147,000	-
Total non-current liabilities		4,809,807	2,270,280	165,170
Current liabilities				
Trade and other payables	18	2,235,335	423,907	121,016
Bank borrowings - short term	16	1,000,000	-	-
Bank overdrafts	24	40,876	103,074	2,720
Total current liabilities		3,276,211	526,981	123,736
Total liabilities		8,086,018	2,797,261	288,906
Total equity and liabilities		26,373,092	20,393,236	9,430,817

Chairman **Chief Executive Officer** **Finance Director**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated income statement
For the years ended 31 December 2008 and 2007
and for the period from 25 October 2005 (inception) to 31 December 2006

	Notes	2008 AED' 000	2007 AED' 000	Period from 25 October 2005 (inception) to 31 December 2006 AED' 000
Continuing operations				
Revenues		435,575	26,887	1,681
Direct expenses		(468,273)	(10,409)	(246)
Gross (loss)/profit		(32,698)	16,478	1,435
Abu Dhabi Government contribution	17	75,000	75,000	50,000
Administrative expenses	19	(339,060)	(136,986)	(66,197)
Management fees		(1,363)	(933)	(126)
Loss on revaluation of derivative instruments	25	(77,050)	-	-
Finance costs	23	(17,976)	(2,447)	(18)
Finance income		22,930	17,000	5,327
Gain on sale of property, plant and equipment		(313)	-	-
Other income		1,950	340	107
Net loss for the year / period from continuing operations		(368,580)	(31,548)	(9,472)
Discontinued operations				
Profit from discontinued operations	20	-	9,324	4,227
Gain on sale of discontinued operations	20	-	23,468	-
Net (loss)/profit for the year / period		(368,580)	1,244	(5,245)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the years ended 31 December 2008 and 2007
and for the period from 25 October 2005 (inception) to 31 December 2006

	Share capital AED' 000	Increase in capital AED' 000	Other contributions AED' 000	Statutory reserve AED' 000	Accumulated losses AED' 000	Total AED' 000
Issued capital	100,000	-	-	-	-	100,000
Other contributions (note 13)	-	-	374,912	-	-	374,912
Net loss for the period	-	-	-	-	(5,245)	(5,245)
Increase in capital	-	8,672,244	-	-	-	8,672,244
Balance at 31 December 2006	**100,000**	**8,672,244**	**374,912**	**-**	**(5,245)**	**9,141,911**
Balance at 1 January 2007	100,000	8,672,244	374,912	-	(5,245)	9,141,911
Net profit for the year	-	-	-		1,244	1,244
Transfer to statutory reserve	-	-	-	124	(124)	-
Increase in capital	-	8,452,820	-	-	-	8,452,820
Balance at 31 December 2007	**100,000**	**17,125,064**	**374,912**	**124**	**(4,125)**	**17,595,975**
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**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the years ended 31 December 2008 and 2007
and for the period from 25 October 2005 (inception) to 31 December 2006

	2008 AED'000	2007 AED'000	Period from 25 October 2005 (inception) to 31 December 2006 AED'000
Operating activities			
Net (loss)/profit for the year/period	**(368,580)**	**1,244**	**(5,245)**
Adjustments for:			
Depreciation for property, plant and equipment	**27,341**	**11,009**	**11,149**
Provision for end of service benefits	**4,372**	**2,459**	**4,882**
Provision for doubtful receivables	**1,472**	-	-
Unrealized loss on derivative instruments	**77,050**	-	-
Finance cost recognized in income statement	**17,976**	**2,447**	**18**
Interest income recognized in income statement	**(22,930)**	**(17,000)**	**(5,327)**
gain from sale of discounted operations	-	**(23,468)**	-
gain from sale of property, plant and equipments	**(313)**	-	-
Net foreign exchange (gain)/loss	-	**(68)**	**(28)**
Operating cash flow before movements in working capital	**(263,612)**	**(23,377)**	**5,449**
Increase in development work in progress	**(2,319,861)**	**(1,280,526)**	**(186,821)**
Decrease /(increase) in inventory	**29**	**1,246**	**(3,283)**
(Increase)decrease in trade and other receivables	**(324,293)**	**(168,771)**	**100,754**
Decrease/(increase) in long term receivables	**362**	**20,479**	-
Increase in prepayments	**(15,322)**	**(6,810)**	**(3,903)**
Increase in advances from customers	**697,349**	**135,955**	**160,947**
Increase in trade and other payables	**1,801,747**	**296,061**	**121,045**
Cash (used in)/ from operations	**(423,601)**	**(1,025,743)**	**194,188**
Interest paid	**(68,288)**	**(17,445)**	**(18)**
End of service benefits paid	**(1,206)**	**(2,368)**	**(659)**
Net cash (used in)/from operating activities	**(493,095)**	**(1,045,556)**	**193,511**
Investing activities			
Acquisition of property plant and equipment	**(2,441,745)**	**(201,559)**	**(115,593)**
Proceeds from disposal of property, plant and equipment	**936**	**211,980**	-
Investments in associates	**(100,060)**	**(180)**	-
Interest received	**22,371**	**12,721**	**4,709**
Net cash (used in)/ from investing activities	**(2,518,498)**	**22,962**	**(110,884)**
Financing activities			
Issued capital	-	-	**100,000**
Bank borrowing obtained	**1,000,000**	**1,822,064**	-
Government grants obtained	**1,761,962**	**147,000**	-
Net cash from financing activities	**2,761,962**	**1,969,064**	**100,000**
Net (decrease)/increase in cash and cash equivalents	**(249,631)**	**946,470**	**182,627**
Cash and cash equivalents at beginning of year/period	**1,129,097**	**182,627**	-
Cash and cash equivalents at end of year/period	**879,466**	**1,129,097**	**182,627**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006

1 General

Background information

On October 25, 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 financing to the Company 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 Emirate - Abu Dhabi.

The Company and its subsidiary (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 primarily to the development and sale of land located on Al Saadiyat Island. The Group obtained this land from ADTA through capital contribution. Al Saadiyat Island will be developed around seven distinctive districts with 29 hotels, three marinas with mooring for 1,000 yachts, a culture and arts hub, two golf courses and 19 kilometres of beachfront. Al Saadiyat Island will comprise an infinite combination of desirable residential property. As at 31 December, the Group entered into sale and purchase agreements to sell four plots of land on Al Saadiyat Island and all risk and rewards have transferred to the buyer.

The Gorup's property development also includes the development of Sir Bani Yas Island into a tourism destination through increased hotels and amenities and to operate the island activities to promote the growth in tourism. In addition, the project will implement a plan to manage the native and non-native wildlife on the island. Sir Bani Yas Island land is owned by the Government and the Group has an agreement to develop on the island. Any developments of the Island is owned by the Group.

The Group's 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 beverages 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 Group's hospitality segment relates to an existing hotel (Desert Island Resort and Spa) located in Sir Bani Yas Island and Rest House operations located in the Emirate of Abu Dhabi. The principle activities of the Rest Houses is 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 2008.

The principle activities of Desert Island Resort and 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.

2 Adoption of new and revised standards

Three interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) effective for the current year are as follows:

- IFRIC 11: *IFRS 2 Group and Treasury Share Transactions*
- IFRIC 12: *Service Concession Arrangements*
- IFRIC 14: *IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction.*

The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

2 Adoption of new and revised standards (continued)

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

New Standards and Amendments to Standards:

• IAS 1 (Revised) *Presentation of Financial Statements*	Effective for annual periods beginning on or after 1 January 2009
• IAS 1 (Revised) *Presentation of Financial Statements* and IAS 32 (Revised) *Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation*	Effective for annual periods beginning on or after 1 January 2009
• IAS 23 (Revised) *Borrowing Costs*	Effective for annual periods beginning on or after 1 January 2009
• IAS 39 (Revised) *Financial Instruments: Recognition and Measurement- Amendments for eligible hedged Items*	Effective for annual periods beginning on or after 1 July 2009
• IFRS 1 (Revised) *First time Adoption of IFRS* and IAS 27 (Revised) *Consolidated and Separate Financial Statements – Amendment relating to cost of an investment on first time adoption*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 2 (Revised) *Share-based payment — Amendment relating to vesting conditions and cancellations*	Effective for annual periods beginning on or after 1 January 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*	Effective for annual periods beginning on or after 1 July 2009
• IFRS 8 *Operating Segments*	Effective for annual periods beginning on or after 1 January 2009
• 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*	Effective for annual periods beginning on or after 1 January 2009

New Interpretations:

• IFRIC 13 *Customer Loyalty Programmes*	Effective for annual periods beginning on or after 1 July 2008
• IFRIC 15 *Agreements for the Construction of Real Estate*	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	Effective for annual periods beginning on or after 1 October 2008
• IFRIC 17 *Distributions of Non-cash Assets to Owners*	Effective for annual periods beginning on or after 1 July 2009
• IFRIC 18 *Transfers of Assets form Customers*	Effective for annual periods beginning on or after 1 July 2009

The Directors anticipate that the adoption of these Standards and Interpretations 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 (IFRS).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except derivatives, which are recorded at fair value at each balance sheet date.

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 subsidiary at 31 December 2008 are as follows:

Name of subsidiary	Ownership interest	Country of incorporation	Principal activity
Desert Islands L.L.C.[(a)]	100%	UAE	Real estate development

[(a)] Desert Islands LLC was formed by the Company in 2008 and has not started its operations.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or 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 intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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 income statements as follows:

Sale of properties

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.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Rental income

Lease income from operating leases is recognised on a straight-line basis over the lease term.

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 balance sheet 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.

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 has no 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 balance sheet 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.

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 income statement 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
Vehicles	2 to 5 years
Aircrafts	12 to 20 years

3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The Group does not depreciate land. 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 recognised in the income statement.

Inventories

Inventories consist of food, beverage and consumables and are stated at the lower of cost and net realisable value. Cost comprises direct materials costs and, where applicable, directs 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 and/or for capital appreciation, is measured at its cost, including transaction costs. The cost of assets granted to the Group by the government for 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 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 income statement.

Development work-in-progress

Development work-in-progress consists of property on Al 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 each balance sheet date, 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 been 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.

3 Summary of significant accounting policies (continued)

Impairment of long-lived tangible assets (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. As of year end, all lease agreements entered by the Group are 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 the relevant 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.

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 balance sheet 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 functional and presentation currency of the Company and its subsidiary is the U.A.E Dirhams ("AED") which is the currency of the primary economic environment in which the entity operates and reflects the economic substance of its operations.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the 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.

Currencies exchange differences are recognised in the income statement in the period in which they arise.

3 Summary of significant accounting policies (continued)

Foreign currencies (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 balance sheet date, 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 income statement 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 all 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 balance sheet 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 over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

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.

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 balance sheet date.

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 balance sheet date. 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 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 each balance sheet date. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where

3 Summary of significant accounting policies (continued)

Derivative financial instruments (continued)

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 profit and loss unless they are designated as hedge for accounting purposes. Derivative financial instruments that are not accounted for as hedge for accounting purposes as fair value through the profit and loss. The Group did not designate any of its financial instruments as accounting hedges.

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.

Bank and cash balances

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 each balance sheet date. 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.

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.

3 Summary of significant accounting policies (continued)

Financial liabilities and equity instruments (continued)

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:

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 balance sheet date, 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

4 Critical accounting judgements and key sources of estimation of uncertainty (continued)

Key sources of estimation (continued)

- 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.

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.

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 years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

5 Property, plant and equipment

	Land AED'000	Building AED'000	Furniture, fixtures and office equipment AED'000	Machinery, tools and equipment AED'000	Vehicles AED'000	Aircrafts AED'000	Capital work in progress AED'000	Total AED'000
Cost								
Balance at inception	-	-	-	-	-	-	-	-
Additions	32,610	153,370	37,518	12,921	2,278	-	77,729	316,426
1 January 2007	32,610	153,370	37,518	12,921	2,278	-	77,729	316,426
Additions	2,036,507	-	2,675	4,385	2,871	-	191,628	2,238,066
Disposals	(32,610)	(122,477)	(34,098)	-	-	-	-	(189,185)
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)	-
31 December 2008	**2,286,210**	**467,215**	**53,343**	**22,265**	**22,145**	**15,910**	**2,188,693**	**5,055,781**

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

5 Property, plant and equipment (continued)

	Land AED'000	Building AED'000	Furniture, fixtures and office equipment AED'000	Machinery, tools and equipment AED'000	Vehicles AED'000	Aircrafts AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation								
Balance at inception	-	-	-	-	-	-	-	-
Charge for the period	-	4,933	4,234	1,631	351	-	-	11,149
1 January 2007	-	4,933	4,234	1,631	351	-	-	11,149
Charge for the year	-	3,792	3,007	3,289	921	-	-	11,009
Disposal	-	(5,276)	(5,190)	-	-	-	-	(10,466)
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)
31 December 2008	-	**17,145**	**9,685**	**8,172**	**3,571**	**109**	-	**38,682**
Carrying amount								
31 December 2008	**2,286,210**	**450,070**	**43,658**	**14,093**	**18,574**	**15,801**	**2,188,693**	**5,017,099**
31 December 2007	2,036,507	27,444	4,044	12,386	3,877	-	269,357	2,353,614
31 December 2006	32,610	148,437	33,284	11,290	1,927	-	77,729	305,277

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

5 Property, plant and equipment (continued)

During 2008, the Group capitalised bank borrowing interest on qualified assets amounting to AED 733 thousands ((2007: AED 366 thousands) (2006: AED nil)).

During 2008 and 2007 the Group received the following plots of land as capital contribution from ADTA (Note 13):

	2008 AED'000	2007 AED'000	2006 AED'000
Saadiyat Island	-	**2,003,488**	-
ADTA/TDIC Permanent Offices	-	**33,019**	-
UAE Military Museum	**150,000**	-	-
Khalifa Park – Temporary Offices	**99,703**	-	-
Other			75,494
	249,703	**2,036,507**	**75,494**

During 2007, the Group received two plots of land as government grant located in Abu Dhabi, United Arab Emirates and recorded at nominal value of one Dirham. The purpose of these plots is to develop two hotels, the Eastern Mangroves / Angsana Spa and Qasr al Sarab.

During the year, the construction of Desert Island Resort and Spa hotel was completed and transferred from the capital work in progress to the appropriate property and equipment category.

6 Investment properties

Movement during the year/period is as follows:

	2008 AED'000	2007 AED'000	2006 AED'000
At the beginning of the year/period	**1,485,323**	**8,816**	-
Investments properties received as increase in capital (note 13)	**809,976**	**2,048,679**	-
Acquisition of investment properties	-	-	**8,816**
Less: Investment properties contributed as an investment in associate (note 7)	-	**(572,172)**	-
At the end of the year/period	**2,295,299**	**1,485,323**	**8,816**

Investment properties comprise the following land:

	2008 AED'000	2007 AED'000	2006 AED'000
Land held for rent	**430,165**	**430,165**	-
Held for a currently undetermined future use	**1,865,134**	**1,055,158**	**8,816**
	2,295,299	**1,485,323**	**8,816**

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (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 are as follow:

	2008 AED'000	2007 AED'000	2006 AED'000
Zayed Sports City	**84,937**	84,937	-
Mazrui Lagoon Club	**159,463**	159,463	-
Khalidiya Hotel	**76,865**	76,865	-
Marina Al Bateen	**108,900**	108,900	-
			-
	430,165	430,165	-

The fair value of the above 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 in 2007 and 2008 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.

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:

	2008 AED'000	2007 AED'000	2006 AED'000
Lands recognized at fair value			
Al Ain land	**660,000**	-	-
Island City	**77,298**	77,298	-
Tourist Club land	**424,989**	275,013	-
Mafraq lands	**537,025**	537,025	-
Abu Dhabi Art Boulevard	**157,006**	157,006	-
Mafraq & Mirfa lands	**8,816**	8,816	8,816
	1,865,134	1,055,158	8,816

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 years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (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
Abu Dhabi Finance PJSC	Real estate financing	UAE	20%
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/period is as follow:

	2008 AED'000	2007 AED'000	2006 AED'000
At the beginning of the year/period	**572,352**	-	-
Acquisition of investment in associates	**100,060**	180	-
Contribution of land for investment in associates (note 6)	-	572,172	-
At the end of the year/period	**672,412**	572,352	-

Summarized financial information in respect of the Group's associates is as follow;

	2008 AED'000	2007 AED'000
Total assets	**3,443,760**	1,154,051
Total liabilities	**2,942,560**	1,153,151
Net assets	**501,200**	900
Group's share of net assets	**100,240**	180
Contribution of land	**572,172**	572,172
	672,412	572,352

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. All projects are currently under development.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

8 Long term receivables

	2008 AED'000	2007 AED'000	2006 AED'000
Receivable on sale of land (note 13)	-	-	23,845
Loans to key management personnel	3,004	3,366	-
	3,004	3,366	23,845

The Group has provided its key management personnel long-term loans at zero interest rate for personal reasons as advances. These loans are repayable in ten years and deducted on a monthly basis.

9 Development work-in-progress

Development work in progress represents the value of Al Saadiyat Island, Emirate of Abu Dhabi, received in 2006 and 2007 as increase in capital (note 13) in addition to the development work in progress. The fair value of land has been determined on the basis of evaluation carried by chartered surveyor "CB Richard Ellis Ltd" an industry specialist in land valuation and not connected to the Group.

	Land AED'000	Development work in progress AED'000	Total AED'000
Additions	8,596,750	186,820	8,783,570
Balance at 1 January 2007	**8,596,750**	**186,820**	**8,783,570**
Additions	4,367,634	1,302,317	5,669,951
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 31 December 2008	**12,819,954**	**4,013,562**	**16,833,516**

Addition to Capital and development work in progress includes capitalised borrowing cost of AED 60,134 thousands ((2007: AED 21,790 thousands)(2006: AED nil)).

10 Trade and other receivables

	2008 AED'000	2007 AED'000	2006 AED'000
Trade receivables	8,189	1,460	7,037
Receivable on sale of land	69,392	24,105	95,378
Less: allowance for doubtful debts	(1,472)	-	-
	76,109	25,565	102,415
Advances to contractors	516,974	242,888	9,154
Due from Abu Dhabi government	-	9,118	-
Other receivables	10,294	2,568	5,421
	603,377	280,139	116,990

The average credit period on sales of goods or services is 60 days. No interest is charged on the trade receivables. Trade receivables over 60 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

10 Trade and other receivables — (Continued)

Prior to 2008, the Group has not historically recorded an allowance for doubtful debts. During the current year, the Group recorded AED 1,472 thousands related to doubtful debts.

Before accepting any new customer the Group assesses the potential credit quality of the customer. As at the year/period end, there was 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.

Receivable on Land Sale

During 2008, the Group recognized the sale of four plots of land in Saadiyat Island at AED 397,027 thousands. This represents the remaining receivable associated with this sale.

Due from Abu Dhabi Government

The Group receives advances from Abu Dhabi Government to execute certain projects on behalf of the Abu Dhabi Government. The Group has a right of offset related to any receivables or payables resulting from these activities. As at 31 December 2007 the amount paid on those project were more than the advances received by AED 9,118 thousand and was shown as amount due from Abu Dhabi Government As at 31 December 2008 the amount received was more that the amount paid by AED 45,468 thousand (note 18).

11 Prepayments

	2008 AED'000	2007 AED'000	2006 AED'000
Prepaid rent	**12,364**	**847**	**922**
Prepaid insurance	**1,169**	**364**	**35**
Prepaid bank loan fees	**6,067**	**9,305**	**750**
Prepaid marketing expenses	**5,774**	**-**	**-**
Others	**661**	**197**	**1,982**
	26,035	**10,713**	**3,689**

12 Bank balances and cash

	2008 AED'000	2007 AED'000	2006 AED'000
Cash at hand	**178**	**63**	**35**
Cash at banks:			
Current accounts	**19,747**	**116,633**	**34,015**
Term deposits	**900,417**	**1,115,475**	**151,297**
	920,342	**1,232,171**	**185,347**

Time deposits represent deposits placed at local banks denominated in AED, have original maturities of less than three months and have effective interest rates of 3.15% to 4.92 for the years/period ended 31 December 2008, 2007 and 2006, respectively.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

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. The contributions to date consist of the following:

	2008 AED'000	2007 AED'000	2006 AED'000
Fair value of land received — Saadiyat Island	**12,964,384**	**12,964,384**	**8,596,750**
Fair value of land received — Investment property	**2,858,655**	**2,048,679**	**-**
Fair value of property and equipment	**2,361,704**	**2,112,001**	**75,494**
	18,184,743	**17,125,064**	**8,672,244**

The Group is currently in the process of registering the capital increase with the concerned authorities.

The fair values of assets contributed each year/period are as follows:

	2008 AED'000	2007 AED'000	2006 AED'000
Fair value of land received - Saadiyat Island (note 9)	**-**	**4,367,634**	**8,596,750**
Fair value of land received - Investment property (note 6)	**809,976**	**2,048,679**	**-**
Fair value of property and equipment (note 5)	**249,703**	**2,036,507**	**75,494**
	1,059,679	**8,452,820**	**8,672,244**

The fair value of the assets at the date of contribution were determined based on valuation carried out by independent valuation experts. The valuation experts are members of various professional valuers' associations, and have appropriate qualifications and recent experience in the valuation of properties at the relevant locations. The valuation was determined by reference to recent prices for similar properties in the same location and similar condition and by discounting cash flow projections based on estimates of future cash flows.

Other contributions

Upon formation of the Group in 2005, ADTA transferred to the Group a plot of land for which a sales agreement with a third party had already been entered into by ADTA. The sales agreement with the third party had a value of AED 240,757 thousands and made an advance payment of AED 90.9 million at that time of the agreement. At the time of transfer, ADTA assigned the agreement to the Company (including a receivable from ADTA for the AED 90.9 million). As this land is similar in nature to the assets recorded as a capital contributions, the Group has recorded this asset at its fair value at the date of transfer. As this is not a legal capital contribution, it is reflected as other contributions in the statement of shareholders equity. Upon the actual sale of the land in 2006, the Company recorded the cash received and associated receivable. As at 31 December 2006 and 2007, the Company had a receivable of AED 119,223 thousands and AED 23,845 thousands, respectively. There was no gain or loss on this transaction.

In 2006, the Group entered into an agreement with ADTA to acquire the ownership in Marfaq, Mirfa, Mercure and Liwa hotels (the "Hotels") and certain Rest Houses in Abu Dhabi in exchange for the settlement of the intercompany receivable described above. The fair value of the businesses acquired was approximately AED 225 million. The difference between the value of the business acquired and the AED 90.9 million represents a contribution from ADTA for accounting purposes and has been reflected as other contributions.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

13 Shareholder's Equity (continued)

Statuary 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

	2008 AED'000	2007 AED'000	2006 AED'000
Balance at the beginning of the year/period	**4,314**	4,223	-
Charged during the year/period	**4,372**	2,459	4,882
Paid during the year/period	**(1,206)**	(2,368)	(659)
Balance at the end of the year/period	**7,480**	4,314	4,223

15 Advances from customers

Advances from customers represent installments collected from customers for the sale of the Group's property developments.

16 Bank borrowings

The Group obtained four loans from local banks, details are as follow:

	Effective interest rate%	2008 AED'000	2007 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 1000 million bank loan	EIBOR + 3%	**1,000,000**	-
		2,822,064	1,822,064

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 for repayment in one year from the execution date; interest is due on a monthly basis.

The above loans are unsecured and for general corporate purposes in relation to the Group's various projects. Banks loans are repayable as follow:

	2008 AED'000	2007 AED'000
Within one year	**1,000,000**	-
In the second year	**1,822,064**	-
In the third to fifth years inclusive	-	1,822,064
Amount due for settlement after 12 months	**1,822,064**	1,822,064
Total bank loans	**2,822,064**	1,822,064

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

17 Deferred government grants

Details of deferred government grants are as follows:

	2008 AED'000	2007 AED'000	2006 AED'000
Sir Bani Yas Island hotel development	**108,625**	55,000	-
Marina Al Bateen project	**115,000**	-	-
Sir Bani Yas Island infrastructures development	**92,194**	92,000	-
Qasr Al Sarab Project	**75,888**	-	-
Saadiyat Expressway Project	**1,517,255**	-	-
	1,908,962	147,000	-

These deferred grants represent cash amounts received to fund specific projects as described below:

Sir Bani Yas Island infrastructure development project represent the development of the Island Marinas, Canals, Bridges and Utilities in addition to the TDIC labor accommodation, Nursery and other facilities on the Island. The total budget of 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 2008 AED 92,194 thousands was received.

Desert Island Resort and Spa Hotel (DIRS) project represent the development of DIRS hotel located in Sir Bani Yas Island. The total budget of the project is AED 274.5 million, Abu Dhabi Government is committed to provide grants to finance AED 110 million of the total development As at 31 December 2008 AED 108,625 thousands was received. Most of the development cost has been completed and the hotel started its operation on 1 October 2008.

Marina Al Bateen project represent the development of Al Bateen fishermen's area which includes a leisure Fisherman's Marina, Car park, 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 2008 total amount was received.

Qasr Al Sarab project represent a five star luxury desert resort located in Hamim Liwa — Abu Dhabi. The total budget of the project is AED 1,412 million, Abu Dhabi Government is committed to provide an amount of AED 485 million towards the total development costs. As at 31 December 2008 AED 75,888 thousands was received.

Saadiyat Expressway Project represent one of the major infrastructure projects related to Saadiyat Island. The total budget of the project is AED 2,982 million, Abu Dhabi Government is committed to contribute an amount of AED 2,880 million. As at 31 December 2008 AED 1,517 thousands was received.

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's subsidy to offset costs of managing and supervising of developments 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.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

18 Trade and other payables

	2008 AED'000	2007 AED'000	2006 AED'000
Trade payables	**305,980**	30,057	19,661
Contractors payables	**1,329,885**	290,099	62,215
Retention payables	**244,701**	90,793	9,935
Provision for infrastructure costs	**270,439**	-	-
Deferred revenue	**4,153**	6,323	3,234
Accrued expenses	**34,709**	6,635	11,936
Due to Abu Dhabi Government	**45,468**	-	14,035
	2,235,335	423,907	121,016

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

Represent 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, leave accruals and accrued interest expenses.

19 Administrative expenses

	2008 AED'000	2007 AED'000	Period from 25 October 2005 (inception) to 31 December 2006 AED'000
Payroll and employee related costs	**138,067**	78,258	30,407
Development consultancy services	**50,227**	-	-
Professional and advisory fees	**18,564**	3,803	3,729
Exhibition costs	**14,832**	6,345	907
Advertisement expenses	**46,402**	12,924	15,239
Survey and design cost	**113**	6,182	2,721
Depreciation of property, plant and equipment	**25,052**	11,009	6,197
Office general expenses	**9,469**	4,341	2,127
Transportation	**2,860**	1,472	966
Other expenses	**33,474**	12,652	3,904
	339,060	136,986	66,197

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

20 Discontinued operations

As discussed in Note 13, during 2006 the Group acquired the Hotels and Rest Houses from ADTA. The fair value of the net assets acquired of AED 225 million was recorded as property, plant and equipment, cash, trade receivable, inventory, and trade and other payables with the difference between the fair value and the consideration reflected as other contributions in the statement of shareholder's equity.

During 2007, the Group sold the Hotels to third parties. The Hotels were located in four different geographical locations (Mafraq area – Emirates of Abu Dhabi, Liwa area – western region of the Emirates of Abu Dhabi, Mirfa – western region of the Emirates of Abu Dhabi and Jabal Hafeet – Al Ain, Emirate of Abu Dhabi. The disposal was completed on 30 September 2007. As a result of the different geographical locations, the Group identified these operations as discontinued operations in the period of disposal.

The results of the discontinued operations included in the income statement are set out below. The income statement has been represented to include those operations classified as discontinued in the current period.

Profit from discontinued operations

	2007 AED'000	Period from 25 October 2005 (inception) to 31 December 2006 AED'000
Revenue	27,787	27,642
Direct expenses	(9,154)	(14,356)
Gross profit	18,633	13,286
Administrative expenses	(9,944)	(9,678)
Other income	635	619
Profit from discontinued operations	9,324	4,227

The details of net assets disposed are as follows:

	AED'000
Book value of net assets sold	
Cash and cash equivalents	15,943
Trade receivables	4,770
Inventories	1,606
Property, plant and equipment	178,719
Trade and other payables	(11,246)
Provision for end of service benefits	(1,280)
Net assets	188,512
Consideration received	211,980
Net gain	23,468

21 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.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

21 Related party transactions (continued)

Significant transactions with related parties during the year comprise:

	2008 AED'000	2007 AED'000	2006 AED'000
Short term management benefits	**36,722**	**27,796**	**2,324**
Acquisition of the Hotels and Rest Houses (note 13)	-	-	**225,096**
Assets received as capital contribution (note 13)	**1,059,679**	**8,452,820**	**8,672,244**
Assets received as other contribution (note 13)	-	-	**374,912**
Deferred government grants (notes 17)	**1,761,962**	**147,000**	-

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).

22 Commitments and contingencies

Commitments

As at the balance sheet date, the Group's estimated contractual commitments for capital expenditure amounted to AED 4,804 million ((2007: AED 3,500 million) (2006: AED 186.6 million)).

Contingencies

	2008 AED'000	2007 AED'000	2006 AED'000
Letters of guarantee	**73**	**53**	**53**

Letters of guarantee 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.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

23 Finance costs

	2008 AED'000	2007 AED'000	Period from 25 October 2005 (inception) to 31 December 2006 AED'000
Interest on bank loans:			
Gross	**74,639**	**23,165**	-
Less: Amounts included in the cost of qualifying assets	**(60,867)**	**(22,156)**	-
	13,772	**1,009**	-
Interest on overdraft and other facilities	**4,204**	**1,438**	**18**
	17,976	**2,447**	**18**

24 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 balance sheet as follows:

	2008 AED'000	2007 AED'000	2006 AED'000
Bank balances and cash	**920,342**	**1,232,171**	**185,347**
Bank overdraft	**(40,876)**	**(103,074)**	**(2,720)**
	879,466	**1,129,097**	**182,627**

The Group 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 2008, the Group had 40.9 million AED outstanding on this bank overdraft facilities and 358.1 million AED was undrawn.

The following significant non-cash transactions were excluded from the cash flow statement:

	2008 AED'000	2007 AED'000	2006 AED'000
Property, plant and equipment received as capital contribution	**249,703**	**2,036,507**	**75,494**
Investment property received as capital contribution	**809,976**	**2,048,679**	-
Development work in progress received as capital contribution	-	**4,367,634**	**8,596,750**
Capitalised interest on property, plant and equipment	**733**	**366**	-
Capitalised interest on Development work in progress	**60,134**	**21,790**	-

25 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 2007.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17 and 20, 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 targeted ratio through the issue of new debt.

The gearing ratio at the year/period end was as follows:

	2008 AED'000	2007 AED'000	2006 AED'000
Debt (1)	**2,862,940**	**1,925,138**	**2,720**
Equity (2)	**18,287,074**	**17,595,975**	**9,141,911**
Debt to equity ratio	**16%**	**11%**	**0.03%**

(i) Debt is defined as long and short-term borrowings, as detailed in Note 16.
(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.

Categories of financial instruments

	2008 AED'000	2007 AED'000	2006 AED'000
Financial assets			
Investment in associate	**672,412**	**572,352**	**-**
			-
Loans and receivables (including cash and cash equivalent)	**1,526,723**	**1,515,676**	**326,182**
Total	**2,199,133**	**2,088,028**	**326,182**
Financial liabilities			
Trade and other payables	**2,235,335**	**423,907**	**121,016**
Bank borrowings	**2,862,940**	**1,925,138**	**2,720**
Total	**5,098,275**	**2,349,045**	**123,736**

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

25 Financial instruments (continued)

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.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The Group's exposures to interest rates on financial liabilities are detailed in Notes 17 and 20.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet 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 2008 would decrease/increase by AED 14.3 million (2007: decrease/increase by AED 9.6 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.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

25 Financial instruments (continued)

Interest rate risk management (continued)

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
	2008	**2008**	**2008**
	%	**AED'000**	**AED'000**
Outstanding contracts, to receive	**3.27**	**367,500**	**(27,191)**
floating and pay fixed rates for 2 to 5	**3.38**	**367,500**	**(22,406)**
years	**3.43**	**323,400**	**(16,978)**
	3.80	**250,000**	**(4,718)**
	3.89	**250,000**	**(5,757)**
		1,558,400	**(77,050)**

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 consolidated balance sheet 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.

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.

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

25 Financial instruments (continued)

	Effective Interest Rate %	Less than one year AED'000	More than one year AED'000
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**
2007			
Non-interest bearing		**423,907**	**-**
Variable interest bearing instruments	**Note 16**	**103,074**	**1,822,064**
		-	**-**
		526,981	**1,822,064**
2006			
Non-interest bearing		**121,016**	**-**
Variable interest bearing instruments	**Note 16**	**2,720**	**-**
		123,736	**-**

Fair value of financial assets and liabilities

The fair value of the Group's financial assets and liabilities that are recorded at amortized cost is as follows:

- Loans and Receivables and trade payables: The Group estimates the carrying value approximates the fair value due to the short nature of these assets and liabilities.
- Long term loans: The estimated fair value of long term loans is approximately AED 1,736 million. This is determined based by applying the rate at which management believes it could borrow similar loans at December 31, 2008.
- Short term loans: The Group estimates the carrying value approximates the carrying value approximates the fair value due to the short nature of the loan and the variable interest rate associated with the loan.

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.

26 Segment reporting

Primary reporting format - business segments

For management purposes, the Group is organised into three main business segments – property development and land sales, hospitality and leisure. The Group operated only in one geographical segment, i.e., United Arab Emirates.

The following table shows the Group's primary segment analysis

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

26 Segment reporting (continued)

Primary reporting format - business segments (continued)

Year ended 31 December 2008	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
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)
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

Year ended 31 December 2007	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
Revenue	-	3,216	23,671	-	26,887
Direct expenses	-	(331)	(10,078)	-	(10,409)
Net profit/(loss) for the year	(76,654)	(2,792)	47,101	33,589	1,244
Assets	20,118,391	18,221	160,991	95,633	20,393,236
Liabilities	2,748,261	1,096	24,730	23,174	2,797,261
Capital expenditures	198,580	-	2,978	-	201,558
Depreciation	1,237	3,523	6,249	-	11,009

Notes to the consolidated financial statements for the years ended 31 December 2008 and 2007 and for the period from 25 October 2005 (inception) to 31 December 2006 (continued)

26 Segment reporting (continued)

Primary reporting format - business segments (continued)

Year ended 31 December 2006	Property development and land sales AED'000	Hospitality AED'000	Leisure AED'000	Unallocated AED'000	Group AED'000
Revenue	-	1,681	-	-	1,681
Direct expenses	-	(246)	-	-	(246)
Net profit/(loss) for the year	(41,976)	1,533	36,275	(1,077)	(5,245)
Assets	9,116,877	237,148	36,762	40,030	9,430,817
Liabilities	263,122	1,036	9,120	15,628	288,906
Capital expenditures	81,655	79,370	26,698	-	187,723
Depreciation	541	8,006	2,602	-	11,149

27 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 June 2009.

ISSUER

TDIC Finance Limited
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

GUARANTOR

Tourism Development & Investment Company P.J.S.C.
P.O. Box 126888
Abu Dhabi
United Arab Emirates

ISSUING AND PAYING AGENT AND TRANSFER AGENT AND EXCHANGE AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT
(for Registered Notes
(other than Notes cleared through DTC))

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenaur
L-1115 Luxembourg

REGISTRAR AND PAYING AGENT AND TRANSFER AGENT
(for Notes cleared through DTC)

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
Mailstop NYC 60-2710
New York
New York 10005

LEGAL ADVISERS

To the Issuer and the Guarantor as to English law, U.A.E. law and United States law

Clifford Chance LLP
13th & 14th Floors
Al Niyadi Building
Airport Road
Sector W-14/02
PO Box 26492
Abu Dhabi
United Arab Emirates

To the Issuer as to the laws of the Cayman Islands

Maples and Calder
The Exchange Building, 5th Floor
Dubai International Financial Centre
PO Box 119980
Dubai
United Arab Emirates

To the Dealers as to United States law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Dealers as to English law and U.A.E. law

Linklaters LLP
Suite 4, Third Floor
Gate Precinct Building 3
Dubai International Financial Centre
P.O. Box 506516
Dubai
United Arab Emirates

To the Trustee as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

AUDITORS

Deloitte & Touche (M.E.)
10th Floor, Bin Ghanem Tower
Hamdan Street
P.O. Box 990
Abu Dhabi
United Arab Emirates

ARRANGERS

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Standard Chartered Bank
6 Battery Road, #09-00
Singapore 049909

DEALERS

Abu Dhabi Commercial Bank P.J.S.C.
ADCB Head Office
P.O. Box 939
Salam Street
Abu Dhabi
United Arab Emirates

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

National Bank of Abu Dhabi P.J.S.C.
One NBAD Tower
Sheikh Khalifa Street
P.O. Box 4
Abu Dhabi
United Arab Emirates

Standard Chartered Bank
6 Battery Road, #09-00
Singapore 049909